

CASE

NUMBER:

99.116

INDEX FOR CASE: 99-116
MARTIN GAS, INC.
Financing

IN THE MATTER OF THE APPLICATION OF MARTIN GAS, INC. FOR
APPROVAL OF INDEBTEDNESS PURSUANT TO KRS 278.300

SEQ NBR	ENTRY DATE	REMARKS
0001	03/25/99	Application.
0002	03/25/99	Acknowledgement letter.
0003	04/09/99	Def. letter, info due 4/24
M0001	04/21/99	JED WEINBERG MARTIN GAS INC-RESPONSE TO FILING DEFICIENCIES
0004	04/23/99	Deficiency cured letter.
0005	05/11/99	Data Request Order, response due 5/21/99.
M0002	05/24/99	WILLIAM WEINBERG MARTIN GAS-RESPONSE TO ORDER OF MAY 11,99
0006	06/17/99	Final Order granting a Certificate to construct & authorizing to borrow.



COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION

730 SCHENKEL LANE
POST OFFICE BOX 615
FRANKFORT, KY. 40602
(502) 564-3940

CERTIFICATE OF SERVICE

RE: Case No. 99-116
MARTIN GAS, INC.

I, Stephanie Bell, Secretary of the Public Service Commission, hereby certify that the enclosed attested copy of the Commission's Order in the above case was served upon the following by U.S. Mail on June 17, 1999.

Parties of Record:

Jed Weinberg
Manager
Martin Gas, Inc.
P. O. Box 783
Hindman, KY. 41822

Honorable William R. Weinberg
Attorney at Law
Weinberg, Campbell & Slone, P.S.C.
161 West Main Street
P.O. Box 727
Hindman, KY. 41822

Stephanie Bell
Secretary of the Commission

SB/hv
Enclosure

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF MARTIN GAS, INC.)
FOR APPROVAL OF INDEBTEDNESS)
PURSUANT TO KRS 278.300) CASE NO. 99-116

O R D E R

On April 19, 1999, Martin Gas, Inc. ("Martin Gas") filed an application with the Commission to approve financing of a loan it had obtained from the Department of Local Government ("DLG"). Martin Gas characterized this loan as "essentially a refinancing of that loan at a lower interest rate and on a basis which leads to a payout of the loan eight years quicker." Martin Gas contends that the construction, as set out in its application, is merely an extension of its lines and is in the ordinary course of Martin Gas's business. If so, a Certificate of Public Convenience and Necessity to construct the proposed construction project would not be required. Martin Gas's construction plans call for approximately 9,400 feet of 3-inch pipeline to connect the non-contiguous parts of Martin Gas's existing facilities and two road bores of 200 feet. The Commission finds that due to the nature of this project and the need to refinance the prior loan, a certificate is required. The Commission finds that Martin Gas has supplied the Commission with all necessary documentation and information required to grant said certificate and that a certificate should be issued.

The Commission finds as follows:

1. Martin Gas proposes to construct an underground 3" inch gas pipeline tying into an existing gas pipeline in two different locations. The first location is approximately 0.42 miles southwest of the intersection of Kentucky State Route 80 and Kentucky State Route 122, which lies to the northwest of the city of Martin, Kentucky. This portion of the proposed gas pipeline will lie within the right-of-way of Kentucky 122, the intersection of KY 80 and then traversing within the right-of-way of KY 80 approximately 1236 feet. Beginning at that point there will be a road bore underneath KY 80 and KY 1428 to allow access to an existing gas pipeline into which the applicant proposes to tap.

The second location for the proposed 3-inch gas pipeline to be constructed lies approximately 0.67 miles northeast of the intersection of KY 1428 and KY 80 at Martin, Kentucky. The applicant proposes to tap into an existing gas pipeline at this point. A road bore will extend underneath Kentucky 1428 at this tap-in point. This proposed gas pipeline will lie within the right-of-way of KY 1428 and traverse an easterly direction to Arkansas Creek. At this point another road bore will be conducted to allow access to an existing gas pipeline where construction will end.

2. The proposed project will allow Martin Gas to integrate its system and to secure gas from multiple interconnection sources which will offer to Martin Gas and its consumers reduced gas cost.

3. R. M. Johnson Engineering, KY#14, 238, of Hindman, Kentucky prepared the plans and specifications for the proposed project.

4. Public convenience and necessity require the construction of the proposed project.

5. The estimated total project cost is \$66,804.00.

6. Martin Gas proposes to finance the cost of construction and refinance an existing loan from DLG. Martin will incur an indebtedness of \$357,274 from a loan from the DLG at the rate of 4 percent per annum compounded annually for a period of 15 years. The proceeds of the loan shall be used for the purpose of integrating Martin Gas's existing system in the amount of \$42,298.00 and the refinancing of Gas System Restoration Project Loan 11 in the amount of \$314,976.00. The construction project will cost \$66,804.00 of which \$24,506 will be contributed by Martin Gas's shareholders leaving the amount of \$42,298 to be financed with part of the proceeds of the loan.

A loan in an amount not to exceed \$357,274 from DLG is for lawful objects within Martin Gas's corporate purposes, is necessary and appropriate for and consistent with the proper performance of its service to the public, will not impair its ability to perform that service, and is reasonably necessary and appropriate for that purpose.

IT IS THEREFORE ORDERED that:

1. Martin Gas is granted a Certificate of Public Convenience and Necessity to construct the proposed construction project as set forth in the drawings and specifications of its application.

2. Martin Gas shall obtain prior Commission approval to perform any additional construction not expressly authorized herein.

3. No deviation to the proposed construction project shall be undertaken without prior Commission approval.

4. Martin Gas shall notify the Commission no later than one week before the date of the beginning of construction.

5. Within 60 days of the date that the proposed construction project is substantially completed, Martin Gas shall inform the Commission in writing of the total project costs, including the cost of construction and all other capitalized costs (engineering, legal, administrative, etc.). Within 60 days from the completion of the proposed construction project, Martin Gas shall file with the Commission as-built drawings. Construction costs shall be classified into appropriate plant accounts in accordance with the Uniform System of Accounts for water utilities prescribed by the Commission.

6. Martin Gas shall require that the proposed construction project be inspected under the general supervision of a professional engineer with a Kentucky registration.

7. Martin Gas is authorized to borrow \$357,274 from DLG at an interest rate of 4 percent per annum compounded annually for a period not to exceed 15 years.

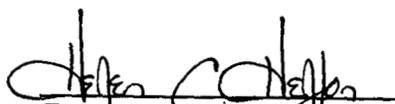
8. Martin Gas shall use the proceeds from the loan authorized herein only for the purpose of financing the proposed project and refinancing the DLG loan.

Nothing contained herein shall be deemed a warranty of the Commonwealth of Kentucky, or any agency thereof, of the loan approved herein.

Done at Frankfort, Kentucky, this 17th day of June, 1999.

By the Commission

ATTEST:


Executive Director

Weinberg, Campbell & Stone, P. S. C.

ATTORNEYS AT LAW

P.O. BOX 727 - 161 W. MAIN ST.

HINDMAN, KY 41822

BILL WEINBERG
RANDY A. CAMPBELL
RANDY G. SLONE

RICHARD COUNTS
STACY ELLIOTT

PHONE:

(606) 785-5048

(606) 785-5049

FAX:

(606) 785-3021

May 20, 1999

Public Service Commission
Attn: Helen C. Helton, Executive Director
730 Schenkel Lane
P.O. Box 615
Frankfort, KY 40602

RECEIVED

MAY 24 1999

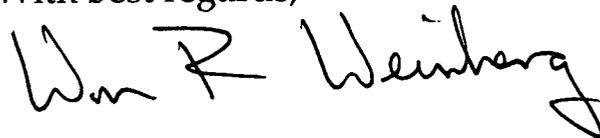
PUBLIC SERVICE
COMMISSION

RE: Martin Gas - PSC Case No. 99-116

Dear Ms. Helton:

Enclosed please find the original and twelve (12) copies of Martin's responses to the Order requested by the Commission and its staff dated May 11, 1999. Would you please docket the original and eleven copies, and return the other copy, date-stamped, in the self-addressed envelope provided for your convenience.

With best regards,



William R. Weinberg
Attorney at Law

sr

Enclosure(s)

cc: Jed Weinberg
J.R. Goff

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF MARTIN GAS, INC.)
FOR APPROVAL OF INDEBTEDNESS) CASE NO. 99-116
PURSUANT TO KRS 278.300)

MARTIN GAS RESPONSE TO PSC QUESTIONS

Comes Martin Gas, Inc. ("Martin"), pursuant to the Order of the Public Service Commission ("PSC") dated May 11, 1999, and provides the information requested by the PSC in said Order.

1. Explain how Martin purchases gas at lower costs by integrating its system.

Martin currently purchases its gas from two sources, Columbia of Kentucky and Clean Gas. Columbia's rates are \$4.3725 per mcf, while Clean Gas's rates are \$3.50 per mcf. Clean Gas has five wells which serve Martin, including one well drilled new in 1998. Integration of the system will allow Martin to purchase all of the gas which Clean Gas can deliver into the system, thereby saving consumers \$.8725 per mcf, based on current rates.

In addition, Martin has secured the services of Fellon-McCord & Associates as its agent for the purpose of establishing and administering a gas transportation program on the Columbia Gas of Kentucky, Inc or Columbia Natural Resources system for and on behalf of Martin. Fellon-McCord believes that it can secure the transportation of gas from other sources through Columbia of Ky or CNR's transmission lines at considerable savings to Martin and its consumers. Integration will allow Martin to take full advantage of these savings.

Martin has previously negotiated a contract with Ky West Virginia Gas Co. at a rate of \$3.59 per mcf, with no monthly minimum purchase requirement, but could not implement the contract because of the high cost (\$31,000) of having three separate tap-ons. If Fellon-McCord secures lower price gas for Martin, there would be no need to enter into the Ky West contract, but if it were executed, integration would cut the cost of tap-ons by two-thirds.

Finally, Columbia of Ky's existing contract has a provision requiring a minimum purchase of 500 mcfs per month. Martin does not need to purchase these high priced mcfs for at least seven months of the year under existing conditions. Martin has canceled its IUS contract with Columbia of Ky effective November 1, 1999 and will supply the gas from other sources which will not require a minimum purchase. Integration will allow Martin to fully serve its customers through these other sources of gas, resulting in still further savings to Martin's consumers.

Jed Weinberg

2. Locate the tap-on locations of each source of gas on the map filed with the petition as Exhibit D, and state the cost of new taps, if any.

See attached map-Exhibit A. The only way that there would be any additional tap-on would be if it becomes necessary to enter into a contract with Ky West Virginia Gas Co. One additional tap-on may then be required after integration, at an approximate cost of \$ 10,333.

Jed Weinberg and Ron Johnson or Roy Patrick(engineers)

3. Locate the existing meter stations connected to Columbia Gas and Clean Gas on the distribution system map.

See attached map Exhibit B. Ron Johnson or Roy Patrick.

4. Is the extension of pipelines constructed by a contractor? If yes, provide a copy of the contract.

No. Martin employees will do the work, with the assistance of Clean Gas employees, as set forth in the approved DLG application. Jed Weinberg

5. Provide the construction plans, specifications, and the construction schedule.

See Exhibit A for construction plans and the physical location of the proposed pipeline. We are currently in the process of securing an encroachment permit from the Kentucky Department of Highways.

The construction specifications are as follows: There will be approximately 9,400 feet of 3" pipe. There will be around 200 feet of bore, of which 140 feet will be a bore under Route 80 requiring 7" casing. The remaining 60 feet of bore will be under secondary roads, and will require 4" casing.

We will begin laying the pipeline as soon as we receive the encroachment permit and approval from the PSC. The estimated construction time is 4 to 6 weeks.

Jed Weinberg and Dewey Owens.

6. Will Martin add more customers if the mains are integrated. Explain.

Not immediately. The customers currently wishing to be served are receiving service and integration will not impact that service. It merely facilitates Martin's ability to get gas to consumers at a lower cost. To the extent that the supply/demand curve is elastic, lower prices will result eventually in additional customers.

Jed Weinberg

7. Are the existing mains operating under the same pressure? What is the MAOP of each section?

They are during most of the year. During the winter, the downtown system is raised to around 20, while the rest of the system is around 12. The MAOPs for all sections are 60.

Jed Weinberg or Dewey Owens

8. How did Martin choose the size(3 inch) for the integrated pipes?

This size coincides with the size of most of the rest of the mains at Martin and since Martin's growth in consumers has been static over the past ten years, a 3" line will provide the necessary volume to serve Martin's current and future customers.

Jed Weinberg or Dewey Owens

9. Provide a copy of the gas purchase contract with Clean Gas.

Copy attached as Exhibit C. Jed Weinberg

10. Provide the loan amortization schedule for the proposed DLG loan, as well as the loan amortization schedule for the existing DLG loan.

Copies attached as Exhibits D and E. Jed Weinberg

11. Are payments on the existing DLG loan current?

Yes. According to our application approved by DLG, payments were to be made under the old loan through February, 1999. Those payments have been made. Jed Weinberg

12. Provide a principal and interest expense comparison between the existing DLG loan and the proposed DLG loan for the years 2000 through 2004.

Principal payments from 2000-2004 under the old loan would have been \$43,039; they are \$97,724 under the new loan. Interest payments under the old loan would have been \$86,739; they are \$62,944 under the new loan. See Exhibit F, years 2000-2004. Jed Weinberg

13. Will Martin have a new source of supply after the proposed construction is completed?

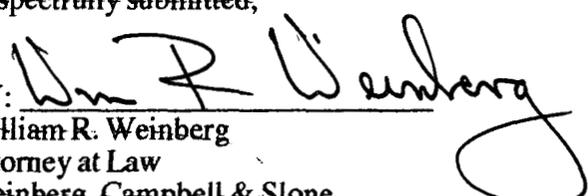
Yes. Jed Weinberg

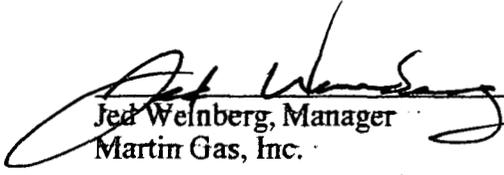
14. Has a contract been negotiated with Martin's potential new source of supply? If yes, provide a copy of the contract.

No, because Martin has three new sources of supply and it has not yet been determined which of the sources, or what combinations of same, will be used. The three sources are Clean Gas, Ky-West Va. Gas Co. and suppliers transporting under a Columbia of Kentucky or Columbia Natural Resources mainline service as established by Fellon-McCord & Associates under currently deregulated mainline services.

Jed Weinberg

Respectfully submitted,

BY: 
William R. Weinberg
Attorney at Law
Weinberg, Campbell & Slone
161 West Main Street
Hindman, Kentucky 41822
Tel: (606) 785-5048


Jed Weinberg, Manager
Martin Gas, Inc.

STATE OF KENTUCKY)
STATE AT LARGE)

I, Sarah Russell, a Notary Public of said State aforesaid, do certify that Jed Weinberg, Manager of Martin Gas, Inc., whose name is signed to the within Response has this day acknowledged the same before me in my state.

My commission expires February 26, 2003.

Given under my hand this 21 day of May, 1999.

Sarah Russell
Notary Public

ATTACHMENT TO EXHIBIT A
COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the matter of:

THE APPLICATION OF MARTIN GAS, INC.)	
FOR APPROVAL OF INDEBTEDNESS)	CASE NO. 99-116
PURSUANT TO KRS 278.300)	

Dear Sir,

The applicant proposes to construct an underground 3"(inch) gas pipeline tying into an existing gas pipeline in two different locations. The first location is approximately 0.42 miles southwest of the intersection of Kentucky State Route 80 and Kentucky State Route 122, which lies to the northwest of the city of Martin Kentucky. This portion of the proposed gas pipeline will lie within the R.O.W. of Kentucky State Route 122 the intersection of Kentucky State Route 80 and then traversing within the R.O.W. of Kentucky State Route 80 approximately 1236'(feet). Beginning at this point then will be a road bore underneath Kentucky State Route 80 and Kentucky State Route 1428 to allow access to an existing gas pipeline, which the applicant proposes to tap into.

The second location for a proposed 3"(inch) gas pipeline to be constructed lies approximately 0.67 miles northeast of the intersection of Kentucky State Route 1428 and Kentucky State Route 80 at Martin Kentucky. The applicant proposes to tap into an existing gas pipeline at this point. A road bore will extend underneath Kentucky Rt. 1428 at this tap in point.

The proposed gas pipeline will lie within the R.O.W. of Kentucky State Route 1428 and traverse an easterly direction to Arkansas Creek. At this point another Road bore will be conducted to allow access to an existing gas pipeline where construction will end.

CLEAN GAS, INC.

NATURAL GAS PURCHASE AND SALE
CONTRACT AND CONFIRMATION

DATE: 10/8/98	
BUYER:	SELLER:
MARTIN GAS, INC. Martin, Kentucky 41649	CLEAN GAS, INC. P.O. Box 783 Hindman, Kentucky 41822
Attn: Jed Weinberg Phone: (606) 785-4660	Attn: Bill Weinberg Phone: (606) 785-5048 Telecopy: (606) 785-3021 Gas Control: Jerry Madden Phone: (606) 785-0761
VOLUME: As needed	
TERM: December 1, 1998 - November 30, 1999 - Annually	
PRICE: \$3.50 per mcf WFW SWW	
DELIVERY POINT(S): Across from Hall Funeral Home(3) Martin, Kentucky, across from Wright's Lumber(1) Stephens Branch(1)	PAYMENT ADDRESS: Clean Gas, Inc. P.O. Box 783 Hindman, Kentucky 41822
SPECIAL PROVISIONS:	
If required by law, severance taxes will be remitted to the State on your behalf and deducted from payments.	

THIS IS SUBJECT TO THE TERMS AND CONDITIONS SET FORTH ON THE REVERSE SIDE HEREOF. PLEASE NOTIFY CLEAN GAS IMMEDIATELY IF THIS DOES NOT REFLECT YOUR UNDERSTANDING OF THE VERBAL AGREEMENT BETWEEN BUYER AND SELLER.

I acknowledge that this represents the agreement reached between BUYER and SELLER	BUYER	SIGNATURE <i>Jed Weinberg</i>	
		TITLE <i>Pres.</i>	DATE <i>10-18-98</i>
	SELLER	SIGNATURE <i>Bill Weinberg</i>	
		TITLE <i>Pres.</i>	DATE <i>10/8/98</i>

Please sign both copies; retain one for your files and return one to Clean Gas, Inc.

TERMS AND CONDITIONS

1. **QUANTITIES:** Seller agrees to use its reasonable efforts to sell to Buyer, and Buyer agrees to use its reasonable efforts to purchase from Seller, up to the volume(s) of natural gas set forth in the quantity provision on the front of this agreement. The parties shall use their best efforts to insure that the quantity dispatched is delivered and received at a relatively constant rate. However, in the event Buyer's company's production is curtailed or restricted for any reason, Buyer shall have no obligation to purchase and/or transport the natural gas produced by the Seller.
2. **TRANSPORTATION:** Seller shall arrange and bear the costs associated with the natural gas shipment(s) to the Delivery Point(s) and Buyer shall arrange and bear the costs associated with the natural gas shipments thereafter.
3. **PRICE:** During the term of this contract, Buyer shall pay Seller for all quantities of natural gas delivered by Seller hereunder at the price set forth on the reverse side hereof.
4. **SCHEDULING AND IMBALANCE PENALTIES:** The parties will work together to ensure that actual deliveries fall within the transporting pipeline's operating tolerance for assessing scheduling and imbalance penalties. The party causing or having notice of any change in the dispatched quantity will immediately notify the other. If an imbalance penalty is assessed to either party as a result of the other party's failure to adjust deliveries or purchases after notice of a pipeline notification requiring such adjustment, then the other party will be responsible for such penalty.
5. **QUALITY AND MEASUREMENT:** Measurement and quality of the volume and the heating value of the natural gas purchased hereunder shall be made at the Delivery Point(s) in accordance with the transporting pipeline(s) specifications.
6. **BILLINGS AND PAYMENTS:** Buyer shall remit payment on or before the last day of the month of delivery for actual volumes delivered by Seller to the Delivery Point(s) in the prior month. If actual volumes are not available by that date, payment will be based on nomination and then adjusted accordingly once actual volumes are known. If the payment date falls on a Saturday, Sunday or legal holiday, payment will be made on the next business day.
7. **WARRANTIES AND LIMITATIONS OF LIABILITIES:** Seller warrants that it shall have the right to sell the natural gas delivered and that such natural gas shall be free from liens and adverse claims of any kind. Seller will save and hold Buyer harmless from all loss, damage and expense due to adverse claims against Buyer for the gas delivered as related to Seller's right to sell the natural gas delivered. In any event, Seller will pay or cause to be paid all royalties, existing taxes and other sums due on production and transportation of the natural gas to the Delivery Point(s).
8. **TITLE:** Title to the natural gas sold hereunder shall pass at the Delivery Point(s), unless stated otherwise under Special Conditions. Seller shall be in full control and possession of the natural gas and responsible for any damage or injuries caused thereby until the natural gas is delivered to the Delivery Point(s), at which point Buyer shall be in full control and possession of the natural gas and responsible for any damage or injuries caused thereby.
9. **REGULATIONS:** Seller agrees that all natural gas sold to Buyer hereunder shall be natural gas that is either exempted from the jurisdiction of the Federal Energy Regulatory Commission (FERC) under Secs. 601 (a)(1)(A) or 601 (a)(1)(B) of the Natural Gas Policy Act of 1978 (NGPA) or that FERC has authorized the abandonment of such natural gas from any prior certificate and its sale for resale in interstate commerce by Seller to Buyer. This sale is also subject to all other applicable governmental laws, orders, directives, rules and regulations.
10. **FORCE MAJEURE:** Neither party is liable to the other for any failure to perform (except Buyer's obligation to pay for natural gas dispatched and delivered) if such failure is caused by or results directly or indirectly from any act of God; Federal, state or municipal legislation or regulation; fires, flood, storms or other natural occurrences; strikes, war or accidents; the refusal or inability of any pipeline or market to accept gas for delivery; partial or entire failure of well(s), pipelines or supply; or any similar cause beyond the control of the party failing to perform. The parties agree to give written notice of such event(s) to the other party in a timely manner.
11. **ASSIGNMENT:** Neither party may assign its rights, obligations or interest hereunder without consent of the other party, such consent to not be unreasonably withheld.
12. **AUDIT:** In the event of a dispute, either party shall have the right during the term of this agreement and for one year thereafter, at its sole expense and during normal working hours, to audit the other party's accounts and records and any other data that may reasonably have a bearing on or pertain to any business conducted between the parties pursuant hereto. At the conclusion of the one year period, all items not then being challenged shall be final. The aforementioned audit excludes information of a confidential nature, including but not limited to, the identity of Buyer's market(s) and/or related transportation arrangements.
13. **COMPLETE AGREEMENT:** The complete agreement shall be governed by the laws of the State of Kentucky. The complete agreement between the parties is set out on the front and back of this form and can only be amended in writing.
14. **CONFIDENTIALITY:** The parties shall keep the terms of this agreement confidential except as may be required to effectuate transportation of the gas or to meet the requirements of a regulatory agency having jurisdiction over the matter for which information is sought.
15. **FINANCIAL RESPONSIBILITY:** In the event that a material adverse change in the financial condition of Buyer occurs that could reasonably be expected to impair Buyer's ability to pay for gas delivered hereunder, Seller shall have the right, in addition to any other remedies available hereunder or pursuant to law, to require Buyer to make credit arrangements satisfactory to Seller, such as provision of an escrow account, a letter of credit, or other guarantee of payment or performance. In the event that Buyer fails to make such credit arrangement within fifteen (15) days after it is requested to do so by Seller, Seller shall have the right to immediately terminate the Contract.
16. **TERM:** This agreement will remain in effect and full force for the months so designated on the reverse side and will continue on an annual basis unless and until canceled by either party giving sixty (60) days written notice prior to the commencement of any subsequent term.

LOAN REPAYMENT SCHEDULE
 GAS SYSTEM RESTORATION PROGRAM-MARTIN GAS, INC.
 \$357,274 @ 6% COMPOUNDED ANNUALLY FOR 30 YEARS

1991	PRINCIPAL	INTEREST	TOTAL PYMT	1994	PRINCIPAL	INTEREST	TOTAL PYMT
JAN	\$655.27	\$3108.28	\$3763.55	JAN	\$780.44	\$2983.11	\$3763.55
FEB	655.27	3108.28	3763.55	FEB	780.44	2983.11	3763.55
MAR	655.27	3108.28	3763.55	MAR	780.44	2983.11	3763.55
APR	655.27	3108.28	3763.55	APR	780.44	2983.11	3763.55
MAY	316.34	1500.55	1816.89	MAY	376.76	1440.13	1816.89
JUNE	316.34	1500.55	1816.89	JUNE	376.76	1440.13	1816.89
JULY	158.17	750.28	908.45	JULY	188.38	720.07	908.45
AUG	158.17	750.28	908.45	AUG	188.38	720.07	908.45
SEPT	158.17	750.28	908.45	SEPT	188.38	720.07	908.45
OCT	158.17	750.28	908.45	OCT	188.38	720.07	908.45
NOV	316.34	1500.55	1816.89	NOV	376.77	1440.12	1816.89
DEC	316.34	1500.55	1816.89	DEC	376.77	1440.12	1816.89
TOTALS	\$4519.12	\$21436.44	\$25955.56	TOTALS	\$5382.34	\$20573.22	\$25955.56

1992	PRINCIPAL	INTEREST	TOTAL PYMT	1995	PRINCIPAL	INTEREST	TOTAL PYMT
JAN	\$694.59	\$3068.96	\$3763.55	JAN	\$827.26	\$2936.29	\$3763.55
FEB	694.59	3068.96	3763.55	FEB	827.26	2936.29	3763.55
MAR	694.59	3068.96	3763.55	MAR	827.26	2936.29	3763.55
APR	694.59	3068.96	3763.55	APR	827.26	2936.29	3763.55
MAY	335.32	1481.57	1816.89	MAY	399.37	1417.52	1816.89
JUNE	335.32	1481.57	1816.89	JUNE	399.37	1417.52	1816.89
JULY	167.66	740.79	908.45	JULY	199.69	708.76	908.45
AUG	167.66	740.79	908.45	AUG	199.69	708.76	908.45
SEPT	167.66	740.79	908.45	SEPT	199.69	708.76	908.45
OCT	167.66	740.79	908.45	OCT	199.69	708.76	908.45
NOV	335.32	1481.57	1816.89	NOV	399.37	1417.52	1816.89
DEC	335.31	1481.58	1816.89	DEC	399.37	1417.52	1816.89
TOTALS	\$4790.27	\$21165.29	\$25955.56	TOTALS	\$5705.28	\$20250.28	\$25955.56

1993	PRINCIPAL	INTEREST	TOTAL PYMT	1996	PRINCIPAL	INTEREST	TOTAL PYMT
JAN	\$736.26	\$3027.29	\$3763.55	JAN	\$876.90	\$2886.65	\$3763.55
FEB	736.26	3027.29	3763.55	FEB	876.90	2886.65	3763.55
MAR	736.26	3027.29	3763.55	MAR	876.90	2886.65	3763.55
APR	736.26	3027.29	3763.55	APR	876.90	2886.65	3763.55
MAY	355.44	1461.45	1816.89	MAY	423.33	1393.56	1816.89
JUNE	355.44	1461.45	1816.89	JUNE	423.33	1393.56	1816.89
JULY	177.72	730.73	908.45	JULY	211.67	696.78	908.45
AUG	177.72	730.73	908.45	AUG	211.67	696.78	908.45
SEPT	177.72	730.73	908.45	SEPT	211.67	696.78	908.45
OCT	177.72	730.73	908.45	OCT	211.67	696.78	908.45
NOV	355.44	1461.45	1816.89	NOV	423.33	1393.56	1816.89
DEC	355.44	1461.45	1816.89	DEC	423.33	1393.56	1816.89
TOTALS	\$5077.68	\$20877.88	\$25955.56	TOTALS	\$6047.60	\$19907.96	\$25955.56

1997	PRINCIPAL	INTEREST	TOTAL PMT
JAN	\$929.52	\$2834.03	\$3763.55
FEB	929.52	2834.03	3763.55
MAR	929.52	2834.03	3763.55
APR	929.52	2834.03	3763.55
MAY	448.73	1368.16	1816.89
JUNE	448.73	1368.16	1816.89
JULY	224.37	684.08	908.45
AUG	224.37	684.08	908.45
SEPT	224.37	684.08	908.45
OCT	224.37	684.08	908.45
NOV	448.72	1368.17	1816.89
DEC	448.72	1368.17	1816.89
TOTALS	\$6410.46	\$19545.10	\$25955.56

2000	PRINCIPAL	INTEREST	TOTAL PMT
JAN	\$1107.06	\$2656.49	\$3763.55
FEB	1107.06	2656.49	3763.55
MAR	1107.06	2656.49	3763.55
APR	1107.06	2656.49	3763.55
MAY	534.45	1282.44	1816.89
JUNE	534.45	1282.44	1816.89
JULY	267.23	641.22	908.45
AUG	267.23	641.22	908.45
SEPT	267.23	641.22	908.45
OCT	267.23	641.22	908.45
NOV	534.45	1282.44	1816.89
DEC	534.45	1282.44	1816.89
TOTALS	\$7634.96	\$18320.60	\$25955.56

1998	PRINCIPAL	INTEREST	TOTAL PMT
JAN	\$985.28	\$2778.27	\$3763.55
FEB	985.28	2778.27	3763.55
MAR	985.28	2778.27	3763.55
APR	985.28	2778.27	3763.55
MAY	475.66	1341.23	1816.89
JUNE	475.66	1341.23	1816.89
JULY	237.83	670.62	908.45
AUG	237.83	670.62	908.45
SEPT	237.83	670.62	908.45
OCT	237.83	670.62	908.45
NOV	475.66	1341.23	1816.89
DEC	475.66	1341.23	1816.89
TOTALS	\$6795.08	\$19160.48	\$25955.56

2001	PRINCIPAL	INTEREST	TOTAL PMT
JAN	\$1173.49	\$2590.06	\$3763.55
FEB	1173.49	2590.06	3763.55
MAR	1173.49	2590.06	3763.55
APR	1173.49	2590.06	3763.55
MAY	566.51	1250.38	1816.89
JUNE	566.51	1250.38	1816.89
JULY	283.26	625.19	908.45
AUG	283.26	625.19	908.45
SEPT	283.26	625.19	908.45
OCT	283.26	625.19	908.45
NOV	566.51	1250.38	1816.89
DEC	566.52	1250.37	1816.89
TOTALS	\$8093.05	\$17862.51	\$25955.56

1999	PRINCIPAL	INTEREST	TOTAL PMT
JAN	\$1044.40	\$2719.15	\$3763.55
FEB	1044.40	2719.15	3763.55
MAR	1044.40	2719.15	3763.55
APR	1044.40	2719.15	3763.55
MAY	504.20	1312.69	1816.89
JUNE	504.20	1312.69	1816.89
JULY	252.10	656.35	908.45
AUG	252.10	656.35	908.45
SEPT	252.10	656.35	908.45
OCT	252.10	656.35	908.45
NOV	504.20	1312.69	1816.89
DEC	504.19	1312.70	1816.89
TOTALS	\$7202.79	\$18752.77	\$25955.56

2002	PRINCIPAL	INTEREST	TOTAL PMT
JAN	\$1243.90	\$2519.65	\$3763.55
FEB	1243.90	2519.65	3763.55
MAR	1243.90	2519.65	3763.55
APR	1243.90	2519.65	3763.55
MAY	600.51	1216.38	1816.89
JUNE	600.51	1216.38	1816.89
JULY	300.25	608.20	908.45
AUG	300.25	608.20	908.45
SEPT	300.25	608.20	908.45
OCT	300.25	608.20	908.45
NOV	600.51	1216.38	1816.89
DEC	600.51	1216.38	1816.89
TOTALS	\$8578.64	\$17376.92	\$25955.56

2003	PRINCIPAL	INTEREST	TOTAL PMT
JAN	\$1318.53	\$2445.02	\$3763.55
FEB	1318.54	2445.01	3763.55
MAR	1318.54	2445.01	3763.55
APR	1318.54	2445.01	3763.55
MAY	636.53	1180.36	1816.89
JUNE	636.53	1180.36	1816.89
JULY	318.27	590.18	908.45
AUG	318.27	590.18	908.45
SEPT	318.27	590.18	908.45
OCT	318.27	590.18	908.45
NOV	636.53	1180.36	1816.89
DEC	636.53	1180.36	1816.89
TOTALS	\$9093.35	\$16862.21	\$25955.56

2006	PRINCIPAL	INTEREST	TOTAL PMT
JAN	\$1570.40	\$2193.15	\$3763.55
FEB	1570.40	2193.15	3763.55
MAR	1570.40	2193.15	3763.55
APR	1570.40	2193.15	3763.55
MAY	758.12	1058.77	1816.89
JUNE	758.12	1058.77	1816.89
JULY	379.06	529.39	908.45
AUG	379.06	529.39	908.45
SEPT	379.06	529.39	908.45
OCT	379.06	529.39	908.45
NOV	758.12	1058.77	1816.89
DEC	758.13	1058.76	1816.89
TOTALS	\$10830.33	\$15125.23	\$25955.56

2004	PRINCIPAL	INTEREST	TOTAL PMT
JAN	\$1397.64	\$2365.91	\$3763.55
FEB	1397.64	2365.91	3763.55
MAR	1397.64	2365.91	3763.55
APR	1397.64	2365.91	3763.55
MAY	674.73	1142.16	1816.89
JUNE	674.73	1142.16	1816.89
JULY	337.37	571.08	908.45
AUG	337.37	571.08	908.45
SEPT	337.37	571.08	908.45
OCT	337.37	571.08	908.45
NOV	674.73	1142.16	1816.89
DEC	674.72	1142.17	1816.89
TOTALS	\$9638.95	\$16316.61	\$25955.56

2007	PRINCIPAL	INTEREST	TOTAL PMT
JAN	\$1664.62	\$2098.93	\$3763.55
FEB	1664.62	2098.93	3763.55
MAR	1664.62	2098.93	3763.55
APR	1664.62	2098.93	3763.55
MAY	803.61	1013.28	1816.89
JUNE	803.61	1013.28	1816.89
JULY	401.81	506.64	908.45
AUG	401.81	506.64	908.45
SEPT	401.81	506.64	908.45
OCT	401.81	506.64	908.45
NOV	803.61	1013.28	1816.89
DEC	803.60	1013.29	1816.89
TOTALS	\$11480.15	\$14475.41	\$25955.56

2005	PRINCIPAL	INTEREST	TOTAL PMT
JAN	\$1481.50	\$2282.05	\$3763.55
FEB	1481.50	2282.05	3763.55
MAR	1481.50	2282.05	3763.55
APR	1481.50	2282.05	3763.55
MAY	715.21	1101.68	1816.89
JUNE	715.21	1101.68	1816.89
JULY	357.61	550.84	908.45
AUG	357.61	550.84	908.45
SEPT	357.61	550.84	908.45
OCT	357.61	550.84	908.45
NOV	715.21	1101.68	1816.89
DEC	715.22	1101.67	1816.89
TOTALS	\$10217.29	\$15738.27	\$25955.56

2008	PRINCIPAL	INTEREST	TOTAL PMT
JAN	\$1764.49	\$1999.06	\$3763.55
FEB	1764.49	1999.06	3763.55
MAR	1764.49	1999.06	3763.55
APR	1764.49	1999.06	3763.55
MAY	851.83	965.06	1816.89
JUNE	851.83	965.06	1816.89
JULY	425.92	482.53	908.45
AUG	425.92	482.53	908.45
SEPT	425.92	482.53	908.45
OCT	425.92	482.53	908.45
NOV	851.83	965.06	1816.89
DEC	851.82	965.07	1816.89
TOTALS	\$12168.95	\$13786.61	\$25955.56

2009	PRINCIPAL	INTEREST	TOTAL PMT
JAN	\$1870.36	\$1893.19	\$3763.55
FEB	1870.36	1893.19	3763.55
MAR	1870.36	1893.19	3763.55
APR	1870.36	1893.19	3763.55
MAY	902.94	913.95	1816.89
JUNE	902.94	913.95	1816.89
JULY	451.47	456.98	908.45
AUG	451.47	456.98	908.45
SEPT	451.47	456.98	908.45
OCT	451.47	456.98	908.45
NOV	902.94	913.95	1816.89
DEC	902.95	913.94	1816.89

TOTALS \$12899.09 \$13056.47 \$25955.56

2012	PRINCIPAL	INTEREST	TOTAL PMT
JAN	\$2227.63	\$1535.92	\$3763.55
FEB	2227.63	1535.92	3763.55
MAR	2227.63	1535.92	3763.55
APR	2227.63	1535.92	3763.55
MAY	1075.41	741.48	1816.89
JUNE	1075.41	741.48	1816.89
JULY	537.71	370.74	908.45
AUG	537.71	370.74	908.45
SEPT	537.71	370.74	908.45
OCT	537.71	370.74	908.45
NOV	1075.42	741.47	1816.89
DEC	1075.42	741.47	1816.89

TOTALS \$15363.02 \$10592.54 \$25955.56

2010	PRINCIPAL	INTEREST	TOTAL PMT
JAN	\$1982.59	\$1780.96	\$3763.55
FEB	1982.59	1780.96	3763.55
MAR	1982.59	1780.96	3763.55
APR	1982.59	1780.96	3763.55
MAY	957.11	859.78	1816.89
JUNE	957.11	859.78	1816.89
JULY	478.56	429.89	908.45
AUG	478.56	429.89	908.45
SEPT	478.56	429.89	908.45
OCT	478.56	429.89	908.45
NOV	957.11	859.78	1816.89
DEC	957.10	859.79	1816.89

TOTALS \$13673.03 \$12282.53 \$25955.56

2013	PRINCIPAL	INTEREST	TOTAL PMT
JAN	\$2361.29	\$1402.26	\$3763.55
FEB	2361.29	1402.26	3763.55
MAR	2361.29	1402.26	3763.55
APR	2361.29	1402.26	3763.55
MAY	1139.94	676.95	1816.89
JUNE	1139.94	676.95	1816.89
JULY	569.97	338.48	908.45
AUG	569.97	338.48	908.45
SEPT	569.97	338.48	908.45
OCT	569.97	338.48	908.45
NOV	1139.94	676.95	1816.89
DEC	1139.94	676.95	1816.89

TOTALS \$16284.80 \$9670.76 \$25955.56

2011	PRINCIPAL	INTEREST	TOTAL PMT
JAN	\$2101.54	\$1662.01	\$3763.55
FEB	2101.54	1662.01	3763.55
MAR	2101.54	1662.01	3763.55
APR	2101.54	1662.01	3763.55
MAY	1014.54	802.35	1816.89
JUNE	1014.54	802.35	1816.89
JULY	507.27	401.18	908.45
AUG	507.27	401.18	908.45
SEPT	507.27	401.18	908.45
OCT	507.27	401.18	908.45
NOV	1014.55	802.34	1816.89
DEC	1014.55	802.34	1816.89

TOTALS \$14493.42 \$11462.14 \$25955.56

2014	PRINCIPAL	INTEREST	TOTAL PMT
JAN	\$2502.97	\$1260.58	\$3763.55
FEB	2502.97	1260.58	3763.55
MAR	2502.97	1260.58	3763.55
APR	2502.97	1260.58	3763.55
MAY	1208.33	608.56	1816.89
JUNE	1208.33	608.56	1816.89
JULY	604.17	304.28	908.45
AUG	604.17	304.28	908.45
SEPT	604.17	304.28	908.45
OCT	604.17	304.28	908.45
NOV	1208.33	608.56	1816.89
DEC	1208.34	608.55	1816.89

TOTALS \$17261.89 \$8693.67 \$25955.56

2015	PRINCIPAL	INTEREST	TOTAL PMT
JAN	\$2653.15	\$1110.40	\$3763.55
FEB	2653.15	1110.40	3763.55
MAR	2653.15	1110.40	3763.55
APR	2653.15	1110.40	3763.55
MAY	1280.83	536.06	1816.89
JUNE	1280.83	536.06	1816.89
JULY	640.42	268.03	908.45
AUG	640.42	268.03	908.45
SEPT	640.42	268.03	908.45
OCT	640.42	268.03	908.45
NOV	1280.83	536.06	1816.89
DEC	1280.83	536.06	1816.89
TOTALS	\$18297.60	\$7657.96	\$25955.56

2018	PRINCIPAL	INTEREST	TOTAL PMT
JAN	\$3159.94	\$603.61	\$3763.55
FEB	3159.94	603.61	3763.55
MAR	3159.94	603.61	3763.55
APR	3159.94	603.61	3763.55
MAY	1525.49	291.40	1816.89
JUNE	1525.49	291.40	1816.89
JULY	762.75	145.70	908.45
AUG	762.75	145.70	908.45
SEPT	762.75	145.70	908.45
OCT	762.75	145.70	908.45
NOV	1525.49	291.40	1816.89
DEC	1525.50	291.39	1816.89
TOTALS	\$21792.73	\$4162.83	\$25955.56

2016	PRINCIPAL	INTEREST	TOTAL PMT
JAN	\$2812.34	\$951.21	\$3763.55
FEB	2812.34	951.21	3763.55
MAR	2812.34	951.21	3763.55
APR	2812.34	951.21	3763.55
MAY	1357.68	459.21	1816.89
JUNE	1357.68	459.21	1816.89
JULY	678.84	229.61	908.45
AUG	678.84	229.61	908.45
SEPT	678.84	229.61	908.45
OCT	678.84	229.61	908.45
NOV	1357.68	459.21	1816.89
DEC	1357.69	459.20	1816.89
TOTALS	\$19395.45	\$6560.11	\$25955.56

2019	PRINCIPAL	INTEREST	TOTAL PMT
JAN	\$3349.54	\$414.01	\$3763.55
FEB	3349.54	414.01	3763.55
MAR	3349.54	414.01	3763.55
APR	3349.54	414.01	3763.55
MAY	1617.02	199.87	1816.89
JUNE	1617.02	199.87	1816.89
JULY	808.51	99.94	908.45
AUG	808.51	99.94	908.45
SEPT	808.51	99.94	908.45
OCT	808.51	99.94	908.45
NOV	1617.02	199.87	1816.89
DEC	1617.03	199.86	1816.89
TOTALS	\$23100.29	\$2855.27	\$25955.56

2017	PRINCIPAL	INTEREST	TOTAL PMT
JAN	\$2981.08	\$782.47	\$3763.55
FEB	2981.08	782.47	3763.55
MAR	2981.08	782.47	3763.55
APR	2981.08	782.47	3763.55
MAY	1439.14	377.75	1816.89
JUNE	1439.14	377.75	1816.89
JULY	719.58	188.87	908.45
AUG	719.58	188.87	908.45
SEPT	719.58	188.87	908.45
OCT	719.58	188.87	908.45
NOV	1439.13	377.76	1816.89
DEC	1439.13	377.76	1816.89
TOTALS	\$20559.18	\$5396.38	\$25955.56

2020	PRINCIPAL	INTEREST	TOTAL PMT
JAN	\$3550.64	\$212.91	\$3763.55
FEB	3550.64	212.91	3763.55
MAR	3550.64	212.91	3763.55
APR	3550.64	212.91	3763.55
MAY	1714.11	102.78	1816.89
JUNE	1714.11	102.78	1816.89
JULY	857.06	51.39	908.45
AUG	857.06	51.39	908.45
SEPT	857.06	51.39	908.45
OCT	857.06	51.39	908.45
NOV	1714.11	102.78	1816.89
DEC	1714.08	102.81	1816.89
TOTALS	\$24487.21	\$1468.35	\$25955.56

CUMULATIVE TOTALS

PRINCIPAL \$357,274 INTEREST \$421,392.80 TOTAL PMT \$778,666.80

LOAN REPAYMENT SCHEDULE
Martin Gas, Inc.
 \$357,274 @ 4% for 15 Years

1999-00	PRINCIPAL	INTEREST	TOTAL
July	624.50	500.18	1,124.68
August	624.50	500.18	1,124.68
September	624.50	500.18	1,124.68
October	624.50	500.18	1,124.68
November	1,248.99	1,000.37	2,249.36
December	1,248.99	1,000.37	2,249.36
January	2,587.18	2,072.19	4,659.37
February	2,587.18	2,072.19	4,659.37
March	2,587.18	2,072.19	4,659.37
April	2,587.18	2,072.19	4,659.37
May	1,248.98	1,000.37	2,249.35
June	1,248.98	1,000.37	2,249.35
TOTALS	17,842.66	14,290.96	32,133.62

2000-01	PRINCIPAL	INTEREST	TOTAL
July	649.48	475.20	1,124.68
August	649.48	475.20	1,124.68
September	649.48	475.20	1,124.68
October	649.48	475.20	1,124.68
November	1,298.95	950.41	2,249.36
December	1,298.95	950.41	2,249.36
January	2,690.67	1,968.70	4,659.37
February	2,690.67	1,968.70	4,659.37
March	2,690.67	1,968.70	4,659.37
April	2,690.67	1,968.70	4,659.37
May	1,298.94	950.41	2,249.35
June	1,298.94	950.41	2,249.35
TOTALS	18,556.37	13,577.25	32,133.62

2001-02	PRINCIPAL	INTEREST	TOTAL
July	675.45	449.23	1,124.68
August	675.45	449.23	1,124.68
September	675.45	449.23	1,124.68
October	675.45	449.23	1,124.68
November	1,350.91	898.45	2,249.36
December	1,350.91	898.45	2,249.36
January	2,798.29	1,861.08	4,659.37
February	2,798.29	1,861.08	4,659.37
March	2,798.29	1,861.08	4,659.37
April	2,798.29	1,861.08	4,659.37
May	1,350.90	898.45	2,249.35
June	1,350.90	898.45	2,249.35
TOTALS	19,298.62	12,835.00	32,133.62

2002-03	PRINCIPAL	INTEREST	TOTAL
July	702.47	422.21	1,124.68
August	702.47	422.21	1,124.68
September	702.47	422.21	1,124.68
October	702.47	422.21	1,124.68
November	1,404.95	844.41	2,249.36
December	1,404.95	844.41	2,249.36
January	2,910.23	1,749.14	4,659.37
February	2,910.23	1,749.14	4,659.37
March	2,910.23	1,749.14	4,659.37
April	2,910.23	1,749.14	4,659.37
May	1,404.94	844.41	2,249.35
June	1,404.94	844.41	2,249.35
TOTALS	20,070.57	12,063.05	32,133.62

2003-04	PRINCIPAL	INTEREST	TOTAL
July	730.57	394.11	1,124.68
August	730.57	394.11	1,124.68
September	730.57	394.11	1,124.68
October	730.57	394.11	1,124.68
November	1,461.14	788.22	2,249.36
December	1,461.14	788.22	2,249.36
January	3,026.64	1,632.73	4,659.37
February	3,026.64	1,632.73	4,659.37
March	3,026.64	1,632.73	4,659.37
April	3,026.64	1,632.73	4,659.37
May	1,461.13	788.22	2,249.35
June	1,461.13	788.22	2,249.35
TOTALS	20,873.39	11,260.23	32,133.62

2004-05	PRINCIPAL	INTEREST	TOTAL
July	759.79	364.89	1,124.68
August	759.79	364.89	1,124.68
September	759.79	364.89	1,124.68
October	759.79	364.89	1,124.68
November	1,519.59	729.77	2,249.36
December	1,519.59	729.77	2,249.36
January	3,147.70	1,511.67	4,659.37
February	3,147.70	1,511.67	4,659.37
March	3,147.70	1,511.67	4,659.37
April	3,147.70	1,511.67	4,659.37
May	1,519.58	729.77	2,249.35
June	1,519.58	729.77	2,249.35
TOTALS	21,708.32	10,425.30	32,133.62

LOAN REPAYMENT SCHEDULE

Martin Gas, Inc.

\$357,274 @ 4% for 15 Years

2005-06	PRINCIPAL	INTEREST	TOTAL
July	790.19	334.49	1,124.68
August	790.19	334.49	1,124.68
September	790.19	334.49	1,124.68
October	790.19	334.49	1,124.68
November	1,580.37	668.99	2,249.36
December	1,580.37	668.99	2,249.36
January	3,273.61	1,385.76	4,659.37
February	3,273.61	1,385.76	4,659.37
March	3,273.61	1,385.76	4,659.37
April	3,273.61	1,385.76	4,659.37
May	1,580.36	668.99	2,249.35
June	1,580.36	668.99	2,249.35
TOTALS	22,576.66	9,556.96	32,133.62

2006-07	PRINCIPAL	INTEREST	TOTAL
July	821.79	302.89	1,124.68
August	821.79	302.89	1,124.68
September	821.79	302.89	1,124.68
October	821.79	302.89	1,124.68
November	1,643.59	605.77	2,249.36
December	1,643.59	605.77	2,249.36
January	3,404.55	1,254.82	4,659.37
February	3,404.55	1,254.82	4,659.37
March	3,404.55	1,254.82	4,659.37
April	3,404.55	1,254.82	4,659.37
May	1,643.58	605.77	2,249.35
June	1,643.58	605.77	2,249.35
TOTALS	23,479.72	8,653.90	32,133.62

2007-08	PRINCIPAL	INTEREST	TOTAL
July	854.67	270.01	1,124.68
August	854.67	270.01	1,124.68
September	854.67	270.01	1,124.68
October	854.67	270.01	1,124.68
November	1,709.33	540.03	2,249.36
December	1,709.33	540.03	2,249.36
January	3,540.74	1,118.63	4,659.37
February	3,540.74	1,118.63	4,659.37
March	3,540.74	1,118.63	4,659.37
April	3,540.74	1,118.63	4,659.37
May	1,709.32	540.03	2,249.35
June	1,709.32	540.03	2,249.35
TOTALS	24,418.91	7,714.71	32,133.62

2008-09	PRINCIPAL	INTEREST	TOTAL
July	888.85	235.83	1,124.68
August	888.85	235.83	1,124.68
September	888.85	235.83	1,124.68
October	888.85	235.83	1,124.68
November	1,777.70	471.66	2,249.36
December	1,777.70	471.66	2,249.36
January	3,682.37	977.00	4,659.37
February	3,682.37	977.00	4,659.37
March	3,682.37	977.00	4,659.37
April	3,682.37	977.00	4,659.37
May	1,777.69	471.66	2,249.35
June	1,777.69	471.66	2,249.35
TOTALS	25,395.67	6,737.95	32,133.62

2009-10	PRINCIPAL	INTEREST	TOTAL
July	924.41	200.27	1,124.68
August	924.41	200.27	1,124.68
September	924.41	200.27	1,124.68
October	924.41	200.27	1,124.68
November	1,848.81	400.55	2,249.36
December	1,848.81	400.55	2,249.36
January	3,829.66	829.71	4,659.37
February	3,829.66	829.71	4,659.37
March	3,829.66	829.71	4,659.37
April	3,829.66	829.71	4,659.37
May	1,848.80	400.55	2,249.35
June	1,848.80	400.55	2,249.35
TOTALS	26,411.49	5,722.13	32,133.62

2010-11	PRINCIPAL	INTEREST	TOTAL
July	961.38	163.30	1,124.68
August	961.38	163.30	1,124.68
September	961.38	163.30	1,124.68
October	961.38	163.30	1,124.68
November	1,922.76	326.60	2,249.36
December	1,922.76	326.60	2,249.36
January	3,982.85	676.52	4,659.37
February	3,982.85	676.52	4,659.37
March	3,982.85	676.52	4,659.37
April	3,982.85	676.52	4,659.37
May	1,922.75	326.60	2,249.35
June	1,922.75	326.60	2,249.35
TOTALS	27,467.95	4,665.67	32,133.62

LOAN REPAYMENT SCHEDULE
Martin Gas, Inc.
 \$357,274 @ 4% for 15 Years

2011-12	PRINCIPAL	INTEREST	TOTAL
July	999.84	124.84	1,124.68
August	999.84	124.84	1,124.68
September	999.84	124.84	1,124.68
October	999.84	124.84	1,124.68
November	1,999.67	249.69	2,249.36
December	1,999.67	249.69	2,249.36
January	4,142.16	517.21	4,659.37
February	4,142.16	517.21	4,659.37
March	4,142.16	517.21	4,659.37
April	4,142.16	517.21	4,659.37
May	1,999.66	249.69	2,249.35
June	1,999.66	249.69	2,249.35
TOTALS	28,566.67	3,566.95	32,133.62

2012-13	PRINCIPAL	INTEREST	TOTAL
July	1,039.83	84.85	1,124.68
August	1,039.83	84.85	1,124.68
September	1,039.83	84.85	1,124.68
October	1,039.83	84.85	1,124.68
November	2,079.66	169.70	2,249.36
December	2,079.66	169.70	2,249.36
January	4,307.85	351.52	4,659.37
February	4,307.85	351.52	4,659.37
March	4,307.85	351.52	4,659.37
April	4,307.85	351.52	4,659.37
May	2,079.65	169.70	2,249.35
June	2,079.65	169.70	2,249.35
TOTALS	29,709.34	2,424.28	32,133.62

2013-14	PRINCIPAL	INTEREST	TOTAL
July	1,081.42	43.26	1,124.68
August	1,081.42	43.26	1,124.68
September	1,081.42	43.26	1,124.68
October	1,081.42	43.26	1,124.68
November	2,162.85	86.51	2,249.36
December	2,162.85	86.51	2,249.36
January	4,480.16	179.21	4,659.37
February	4,480.16	179.21	4,659.37
March	4,480.16	179.21	4,659.37
April	4,480.16	179.21	4,659.37
May	2,162.84	86.51	2,249.35
June	2,162.84	86.51	2,249.35
TOTALS	30,897.71	1,235.91	32,133.62

Principal and Interest Expense Comparison for 2000 - 2004

	A	B	C	D	E	F
1	Existing DLG Loan				Proposed DLG Loan	
2	Year	Principal	Interest		Principal	Interest
3	2000	\$7,634.96	\$18,320.60		\$18,042.50	\$14,091.12
4	2001	\$8,093.05	\$17,862.51		\$18,764.18	\$13,369.44
5	2002	\$8,578.64	\$17,376.92		\$19,514.74	\$12,618.88
6	2003	\$9,093.35	\$16,862.21		\$20,295.36	\$11,838.26
7	2004	\$9,638.95	\$16,316.61		\$21,107.16	\$11,026.46
8	Total:	<u>\$43,038.95</u>	<u>\$86,738.85</u>		<u>\$97,723.94</u>	<u>\$62,944.16</u>



COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION

730 SCHENKEL LANE
POST OFFICE BOX 615
FRANKFORT, KY. 40602
(502) 564-3940

May 11, 1999

Jed Weinberg
Manager
Martin Gas, Inc.
P. O. Box 783
Hindman, KY. 41822

Honorable William R. Weinberg
Attorney at Law
Weinberg, Campbell & Slone
161 West Main Street
Hindman, KY. 41822

RE: Case No. 99-116

We enclose one attested copy of the Commission's Order in
the above case.

Sincerely,
Stephanie Bell

Stephanie Bell
Secretary of the Commission

SB/hv
Enclosure

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF MARTIN GAS, INC.)
FOR APPROVAL OF INDEBTEDNESS) CASE NO. 99-116
PURSUANT TO KRS 278.300)

O R D E R

IT IS ORDERED that Martin Gas, Inc. ("Martin") shall file the original and 12 copies of the following information with the Commission no later than May 21, 1999. Martin shall furnish with each response the name of the witness who will be available at a public hearing to respond to questions concerning each item of information.

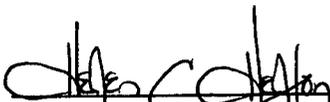
1. Explain how Martin purchases gas at lower costs by integrating its system.
2. Locate the tap-on locations of each source of gas on the map filed with the petition as Exhibit D, and state the cost of new taps, if any.
3. Locate the existing meter stations connected to Columbia Gas and Clean Gas on the distribution system map.
4. Is the extension of pipelines constructed by a contractor? If yes, provide a copy of the contract.
5. Provide the construction plans, specifications, and the construction schedule.
6. Will Martin add more customers if the mains are integrated? Explain.
7. Are the existing mains operating under the same pressure? What is the MAOP of each section?

8. How did Martin choose the size (3 inch) for the integrated pipes?
9. Provide a copy of the gas purchase contract with Clean Gas.
10. Provide the loan amortization schedule for the proposed DLG loan, as well as the loan amortization schedule for the existing DLG loan.
11. Are payments on the existing DLG loan current?
12. Provide a principal and interest expense comparison between the existing DLG loan and the proposed DLG loan for the years 2000 through 2004.
13. Will Martin have a new source of supply after the proposed construction is completed?
14. Has a contract been negotiated with Martin's potential new source of supply? If yes, please provide a copy of the contract.

Done at Frankfort, Kentucky, this 11th day of May, 1999.

By the Commission

ATTEST:


Executive Director



COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION

730 SCHENKEL LANE
POST OFFICE BOX 615
FRANKFORT, KY. 40602
(502) 564-3940

April 23, 1999

Jed Weinberg
Manager
Martin Gas, Inc.
P. O. Box 783
Hindman, KY. 41822

Honorable William R. Weinberg
Attorney at Law
Weinberg, Campbell & Slone
161 West Main Street
Hindman, KY. 41822

RE: Case No. 99-116
MARTIN GAS, INC.

The Commission staff has reviewed your response of April 19, 1999 and has determined that your application in the above case now meets the minimum filing requirements set by our regulations. Enclosed please find a stamped filed copy of the first page of your filing. This case has been docketed and will be processed as expeditiously as possible.

If you need further information, please contact my staff at 502/564-3940.

Sincerely,

Stephanie D. Bell
Stephanie Bell
Secretary of the Commission

SB/sh
Enclosure

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE COMMONWEALTH OF KENTUCKY

Case
99-116

IN THE MATTER OF:

FILED

APPLICATION OF MARTIN GAS, INC. FOR APPROVAL
OF INDEBTEDNESS PURSUANT TO KRS 278.300

APR 19 1999

PUBLIC SERVICE
COMMISSION

APPLICATION OF MARTIN GAS, INC.

REC
MAR 25 1999
PUB. SERVICE
COMMISSION

Comes the Applicant, Martin Gas, Inc., P.O. Box 783, Rt. 80, Hindman, Kentucky 41822 and petitions the Kentucky Public Service Commission to consider, authorize and approve an indebtedness consisting of a loan in the amount of \$357,274.00 to applicant from the Department of Local Government, 1024 Capital Center Drive, Frankfort, Kentucky 40601. The loan was approved on February 15, 1999 by the Kentucky Gas System Restoration and Development Account Review Board and will carry a 4% interest rate to be compounded annually for 15 years as set forth in the letter attached hereto as Exhibit A.

This application is filed pursuant to KRS 278.300. It is questionable whether the statute requires approval of the PSC in this instance since the loan approved is in the exact same amount, \$357,274.00, as that one previously approved by both the Kentucky Gas System Restoration and Development Account Review Board and the Public Service Commission in case no. 90-254. This is essentially a refinancing of that loan at a lower interest rate and on a basis which leads to a payout of the loan eight years quicker.

The applicant is a corporation. Articles of Incorporation as amended have heretofore been filed with the Commission in Application of Martin Gas, Inc. for Approval of Indebtedness Case No. 90-017 and are made a part hereof by reference.

Martin Gas, Inc.

P. O. Box 783
Hindman, Kentucky 41822

Jed Weinberg
Manager

Phone
(606) 785-0761
1-800-771-0761

RECEIVED

April 19, 1999

APR 19 1999

PUBLIC SERVICE
COMMISSION

Public Service Commission
Attn: Ms. Stephanie Bell
Secretary of the Commission
730 Schenkel Lane
P.O. Box 615
Frankfort, KY 40602

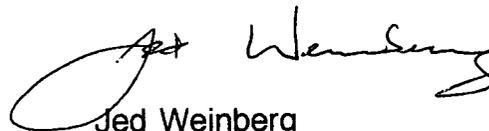
RE: Case No. 99-116
Filing Deficiencies

Dear Ms. Bell:

Enclosed please find the information which you requested to complete the filing of our Application in Case No. 99-116.

If you need further information or have any questions, please feel free to call me at the above listed number. Thank you.

Sincerely,



Jed Weinberg
Manager, Martin Gas, Inc.

sr

Enclosure

ADDENDUM TO APPLICATION

Case No. 99-116

In response to your letter of April 9, 1999, all of the construction costs set forth in exhibit E of our original application would fall in the category set forth on page 5, line 16 of our annual report-"Mains (376)". This would be the only USOA account number impacted. I trust this provides you the information requested.

Respectfully submitted,

BY: William R. Weinberg
William R. Weinberg
Attorney at Law/Sec.-Treas. Martin Gas, Inc.
Weinberg, Campbell & Slone
161 West Main Street
Hindman, Kentucky 41822
Telephone: (606) 785-5048

Jed Weinberg
Jed Weinberg, Manager
Martin Gas, Inc.

STATE OF KENTUCKY)
)
COUNTY OF KNOTT)

I, Sarah Russell, a Notary Public of said County and State aforesaid, do certify that William R. Weinberg, on behalf of Martin Gas, Inc., whose name is signed to the within writing has this day acknowledged the same before me in my said county.

My commission expires: February 26, 2003
Given under my hand this 19th day of April, 19 99.

Sarah Russell
Notary Public, State of Kentucky



COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION
730 SCHENKEL LANE
POST OFFICE BOX 615
FRANKFORT, KENTUCKY 40602
www.psc.state.ky.us
(502) 564-3940
Fax (502) 564-3460

Ronald B. McCloud, Secretary
Public Protection and
Regulation Cabinet

Helen Helton
Executive Director
Public Service Commission

Paul E. Patton
Governor

April 9, 1999

Jed Weinberg
Manager
Martin Gas, Inc.
P.O. Box 783
Hindman, KY 41822

William R. Weinberg
Attorney at Law
Weinberg, Campbell & Slone
161 West Main Street
Hindman, KY 41822

Re: Case No. 99-116
Filing Deficiencies

Gentlemen:

The Commission staff has conducted an initial review of your filing in the above case. This filing is rejected pursuant to 807 KAR 5:001, Section 2, as it is deficient in certain filing requirements. The items listed below are either required to be filed with the application or must be referenced if they are already on file in another case or will be filed at a later date.

Filing deficiencies pursuant to 807 KAR 5001, Section 11(2)(c):

Detailed estimates by USOA account number.

The statutory time period in which the Commission must process this case will not commence until the above-mentioned information is filed with the Commission. You



are requested to file 10 copies of this information within 15 days of the date of this letter.
If you need further information, please contact John Williams of my staff at (502)564-3940, ext. 442.

Sincerely,



Stephanie Bell
Secretary of the Commission

sa





COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION

730 SCHENKEL LANE
POST OFFICE BOX 615
FRANKFORT, KY. 40602
(502) 564-3940

March 25, 1999

Jed Weinberg
Manager
Martin Gas, Inc.
P. O. Box 783
Hindman, KY. 41822

Honorable William R. Weinberg
Attorney at Law
Weinberg, Campbell & Slone
161 West Main Street
Hindman, KY. 41822

RE: Case No. 99-116
MARTIN GAS, INC.
(Financing)

This letter is to acknowledge receipt of initial application in the above case. The application was date-stamped received March 25, 1999 and has been assigned Case No. 99-116. In all future correspondence or filings in connection with this case, please reference the above case number.

If you need further assistance, please contact my staff at 502/564-3940.

Sincerely,

A handwritten signature in cursive script that reads "Stephanie Bell".

Stephanie Bell
Secretary of the Commission

SB/jc

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE COMMONWEALTH OF KENTUCKY

Case
99-116

IN THE MATTER OF:

FILED

APPLICATION OF MARTIN GAS, INC. FOR APPROVAL
OF INDEBTEDNESS PURSUANT TO KRS 278.300

APR 19 1999

PUBLIC SERVICE
COMMISSION

APPLICATION OF MARTIN GAS, INC.

REC
MAR 25 1999
PUBLIC SERVICE
COMMISSION

Comes the Applicant, Martin Gas, Inc., P.O. Box 783, Rt. 80, Hindman, Kentucky 41822 and petitions the Kentucky Public Service Commission to consider, authorize and approve an indebtedness consisting of a loan in the amount of \$357,274.00 to applicant from the Department of Local Government, 1024 Capital Center Drive, Frankfort, Kentucky 40601. The loan was approved on February 15, 1999 by the Kentucky Gas System Restoration and Development Account Review Board and will carry a 4% interest rate to be compounded annually for 15 years as set forth in the letter attached hereto as Exhibit A.

This application is filed pursuant to KRS 278.300. It is questionable whether the statute requires approval of the PSC in this instance since the loan approved is in the exact same amount, \$357,274.00, as that one previously approved by both the Kentucky Gas System Restoration and Development Account Review Board and the Public Service Commission in case no. 90-254. This is essentially a refinancing of that loan at a lower interest rate and on a basis which leads to a payout of the loan eight years quicker.

The applicant is a corporation. Articles of Incorporation as amended have heretofore been filed with the Commission in Application of Martin Gas, Inc. for Approval of Indebtedness Case No. 90-017 and are made a part hereof by reference.

The persons to whom all notes should be sent and pleadings and exhibits served herein shall be: William R. Weinberg, Weinberg, Campbell & Slone, 161 West Main Street, Hindman, Kentucky 41822; Jed Weinberg, Martin Gas, Inc., P.O. Box 783, Rt. 80, Hindman, Kentucky 41822; and James R. Goff, Public Service Commission, P.O. Box 615, 730 Schenkel Lane, Frankfort, Kentucky 40602.

Applicant's property is generally described as gas lines and gas meters.

The field of its operation is retail distribution of natural gas.

The original cost of Martin Gas, Inc. is set forth on its balance sheet filed with the Public Service commission Annual Report for year ending December 31, 1998 and marked as Exhibit B. The original cost is the cost incurred by applicant.

The amount of the indebtedness shall be \$357,274.00. A note shall be executed which shall carry a 4 percent rate of interest to be compounded annually for fifteen (15) years. Said indebtedness shall be secured by a mortgage and security agreement.

The proceeds of the loan shall be used as follows:

Extension of lines so as to integrate Martin's existing system in the amount of \$42,298.00; and refinancing of Gas System Restoration Project Loan 11 in the amount of \$314,976.00.

The property to be acquired, constructed, improved or extended is gas mains which will cost \$66,804.00, of which \$24,506.00 will be contributed by Martin's shareholders through in-kind contributions. The improvements are necessary to provide for the safety and well-being of the consumer, as well as the efficient operation of the utility, and its capital is the only source available for such improvement.

A financial exhibit as mandated by 807 KAR 5.001(11) and (6) is filed herewith and made a part hereof and marked as Exhibit B, the Annual Report having been filed with the Commission on or around March 12, 1999. Martin has paid no dividends over the past five (5) years.

The Department of Local Government has not yet executed the loan documents but will do so upon approval of this application as set forth in letter Exhibit A. A copy of loan documents modeled after those prepared in connection with Gas System Restoration Project Loan 11 (PSC Case No. 90-254) is attached as Exhibits C1-4.

Final maps and plans of the proposed construction are not available at this time, however, there is attached hereto a preliminary map and schedule of construction costs which are marked as Exhibit D and E and made a part hereof.

The extensions encompassed under this loan are in the ordinary course of Martin's business, are not duplicative and in no way compete with other utilities. Further, the amount of money for construction will not adversely affect Martin's financial condition. Rather, it will stabilize Martin by integrating its system and facilitating a prompter payoff of the loan indebtedness.

This loan will not cause Martin Gas, Inc. to increase its rates, but should lead to a lowering of those rates by virtue of the integration of the system, thereby making possible the purchase of lower priced gas.

On November 25, 1998, the Board of Directors and Shareholders of Martin Gas, Inc. authorized the corporation to secure the above-mentioned loan to finance the extension of lines and to refinance Gas System Restoration Project Loan 11. A copy of the resolution of the Board of Directors and Shareholders of Martin Gas, Inc. is attached hereto and made a part hereof and marked as Exhibit F.

WHEREFORE, Martin Gas, Inc. respectfully requests the Kentucky Public Service Commission to authorize and approve the refinancing of an indebtedness consisting of a loan in the amount of \$357,274.00 to Martin Gas, Inc. from the Department of Local Government, 1024 Capital Center Drive, Frankfort, Kentucky 40601, payable in fifteen (15) years at the rate of 4% per annum compounded annually. The applicant further requests the Commission to approve this application for such other proper and necessary relief to which applicant may appear entitled.



OFFICE OF THE GOVERNOR
DEPARTMENT FOR LOCAL GOVERNMENT
FRANKFORT, KENTUCKY 40601-8204

PAUL E. PATTON
GOVERNOR

BOB ARNOLD
COMMISSIONER

February 23, 1999

Mr. Jed Weinberg
Martin Gas, Inc.
Post Office 783
Hindman, Kentucky 41822

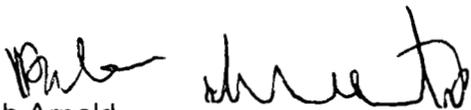
Dear Mr. Weinberg:

On February 15, 1999, the Gas System Restoration and Development Account Review Board approved a loan to Martin Gas, Inc. in the amount of \$357,274 pursuant to the company's loan application of December 2, 1998.

The loan will include \$42,298 in new funding for construction, plus a restructuring of the balance of an existing Gas System Restoration loan as of February 1999. The loan will be made at an interest rate of 4 percent, with an annual repayment of \$32,133.62 for 15 years.

This approval is contingent upon compliance by Martin Gas, Inc. with all applicable requirements of the Kentucky Public Service Commission pursuant to KRS 278.300 and 278.020. Loan documents will be executed upon documented compliance with these requirements.

Sincerely,


Bob Arnold
Commissioner

cc: Helen Helton



AN EQUAL OPPORTUNITY EMPLOYER M/F/D
1024 CAPITAL CENTER DRIVE, SUITE 340
(502) 573-2382

TDD (800) 247-2510

FAX (502) 573-2512
http://www.state.ky.us/agencies/local_gov/

PUBLIC SERVICE COMMISSION OF KY.
ANNUAL REPORT
OF MARTIN GAS COMPANY
YEAR ENDED DECEMBER 31, 1998

PUBLIC SERVICE COMMISSION OF KENTUCKY
REPORT OF GROSS OPERATING REVENUES DERIVED FROM ~~INTRA-KENTUCKY~~
BUSINESS FOR THE YEAR ENDING DECEMBER 31, 19⁹⁸

MARTIN GAS, INC.

HINDMAN, KENTUCKY 41822

(Utility Reporting)

(Address)

(DO NOT INCLUDE TAXES COLLECTED)

- (1) Gross Revenues of Electric Utility.....\$ _____
- (2) Gross Revenues of Gas Utility.....\$ 259,908.77
- (3) Gross Revenues of Radio-Telephone Utility.....\$ _____
- (4) Gross Revenues of Cellular Telephone Utility...\$ _____
- (5) Gross Revenues of Telephone Utility.....\$ _____
- (6) Gross Revenues of Water Utility.....\$ _____
- (7) Gross Revenues of Sewer Utility.....\$ _____
- (8) Other Operating Revenues.....\$ _____
- *** TOTAL GROSS REVENUES.....\$ 259,908.77

O A T H

State of...KENTUCKY.....)

) ss.

County of...KNOTT.....)

JED WEINBURG being duly sworn, states that he/she
(Officer)
is MANAGER of the MARTIN GAS, INC.
(Official Title) (Utility Reporting)

that the above report of gross revenues is in exact accordance with
the books of accounts of:

MARTIN GAS, INC., and that such books
(Utility Reporting)
accurately show the gross revenues of:

MARTIN GAS, INC., derived from Intra-Kentucky
(Utility Reporting)

business for the year ending DECEMBER 31, 19⁹⁸

(Officer)

(Title)

This the _____ day of _____, 19____

(Notary Public)

(County)

My Commission expires _____

NOTE: ANY DIFFERENCE BETWEEN THE AMOUNT OF THE GROSS REVENUES SHOWN
IN THE ANNUAL REPORT AND THE AMOUNT APPEARING ON THIS STATEMENT
MUST BE RECONCILED ON THE REVERSE SIDE OF THIS REPORT

PUBLIC SERVICE COMMISSION OF KENTUCKY
PRINCIPAL PAYMENT AND INTEREST INFORMATION
FOR YEAR ENDING DECEMBER 31, 19 98

1. Amount of Principal Payment during calendar year \$ 8,324.93
2. Is Principal current? (Yes) X (No) _____
3. Is Interest current? (Yes) X (No) _____

SERVICES PERFORMED BY
INDEPENDENT CERTIFIED PUBLIC ACCOUNTANT

Are your financial statements examined by a Certified Public Accountant? YES X NO _____

If yes, which service is performed?

Audit _____
Compilation X _____
Review _____

Please enclose a copy of the accountant's report with annual report.

AUDIT OF THE ANNUAL REPORT
 CLASS C AND D GAS COMPANIES
 To Be Completed and Returned with Annual Report

PAGE NO.	LINE NO.	PAGE NO.	LINE NO.	YES	NO	IF NO, EXPLAIN WHY
2	4	4	12	X		
2	6	4	15	X		
2	7	4	16	X		
4	15	4	33	X		
4	1	5	42	X		
4	15	6	25	X		
3	4 & 5	6	Capital Stock	X		
3	20	7	Long-Term Debt Total (d)	X		
3	24 + 26	7	Notes Payable Total (e)	X		
3	30	7	Int. Accrued Total (e)	X		
3	31	8	-	X		
3	10	8	Acct. 216 Bal. End of Yr.(b)	X		

PAGE NO.	LINE NO.	PAGE NO.	LINE NO.	YES	NO	IF NO, EXPLAIN WHY
9	22	11	31	X		
9	50	8	Bal. Trans. From Income (433)	X		
9	25	12	Acct. 408.1	X		
9	48	12	Acct. 408.2	X		
9	40	7	Interest Accrued LTD (c)	X		
9	43	7	Interest Accrued Other	X		
9	26	12	Total Income Taxes Utility Operating Income	X		
9	44	12	Total Income Taxes Nonutility Operating Income	X		
9	24	12	Total Amortizat. Expense	X		
9	7	13	(f)	X		
10	15	14	(j)	X		
10	16	14	-	X		
14	-	15	6 & 7	X		

PAGE NO.	LINE NO.	PAGE NO.	LINE NO.	YES	NO	IF NO, EXPLAIN WHY
15	16	9	9	X		
15	12(b)	15	25(b)	X		
Oath Page has been completed						

Additional Information Required by Commission Orders

Provide any special information required by prior Commission orders, as well as any narrative explanations necessary to fully explain the data. Examples of the types of special information that may be required by Commission orders include surcharge amounts collected, refunds issued, and unusual debt repayments.

Case #	Date of Order	Item/Explanation

Attach additional sheets if more room is needed

GENERAL INFORMATION

1. Give the location, including street & number and telephone number & area code of the principal office in Kentucky. RT. 550 P.O. BOX 783 HINDMAN, KENTUCKY 41822

2. Name, title, address and telephone number with area code of the person to be contacted concerning this report. JED WEINBURG, MANAGER
MARTIN GAS, INC. P.O. BOX 783 HINDMAN, KENTUCKY 41822 606-785-0761

3. Name and title of officer having custody of the books of account, address of office and telephone number with area code where the books of account are kept. JED WEINBURG, MANAGER P.O. BOX 783 HINDMAN, KY 41822

4. Name of State under the laws of which respondent is incorporated and date of incorporation. If incorporated under a special law, give reference to such law. KENTUCKY 1977

5. If the respondent controls or is controlled by any other corporation, business trust, or similar organization, give a concise explanation of the manner and extent of control. N/A

6. Give the names and addresses of the ten major stockholders of the respondent and the voting powers of each at the end of the year.
WILLIAM WEINBURG, HINDMAN, KY 41822- 40% ZACHARY WEINBURG, HINDMAN, KY 41822- 8%
THOMAS WEINBURG, HINDMAN, KY 41822- 8%
JED WEINBURG, HINDMAN, KY 41822- 8%
LOIS WEINBURG, HINDMAN, KY 41822- 36%

7. Give the number of full-time and part-time employees: FULL-TIME = 1

8. Name of City, Town, Community and County in which you furnish gas service and the number of customers in each. MARTIN, KY FLOYD COUNTY

PRINCIPAL OFFICERS

Line No.	Title	Name of Officer or Director	Principal Business Address	Annual Salary and/or Fee
1	PRES.	LOIS WEINBURG	HINDMAN, KY 41822	-0-
2	SEC/TREAS	WILLIAM WEINBURG	HINDMAN, KY 41822	-0-
3				
4				
5				
6				
7				
8				
9				
10				

BALANCE SHEET

Line No.	ASSETS AND OTHER DEBITS	Balance First Of Year	Balance Last Of Year
1			
2	UTILITY PLANT		
3			
4	Utility Plant (101-107, 114, 116)	552,569.13	552,569.13
5	Less: Accum. Prov. for Depr., Depletion and		
6	Amortization (110)	276,641.00	299,930.00
7	Net Utility Plant	275,928.13	252,639.13
8			
9	OTHER PROPERTY AND INVESTMENTS		
10			
11	Non-Utility Property-Net (121-122)		
12	Other Investments (124)		
13	Special Funds (125)		
14			
15			
16			
17	Total Other Property and Investments		
18			
19	CURRENT AND ACCRUED ASSETS		
20			
21	Cash and Working Funds (131)	<410.46>	930.95
22	Temporary Cash Investments (132)		
23	Notes Receivable (141)		
24	Customer Accounts Receivable (142)	55,793.58	43,413.68
25	Other Accounts Receivable (143)		
26	Accum. Prov. for Uncollectible Accts-Cr. (144)		
27	Materials and Supplies (150)		
28	Gas Stored Underground (164)		
29	Prepayments (165)	500.00	500.00
30	Other Current and Accrued Assets (170)		
31			
32			
33			
34	Total Current and Accrued Assets	55,883.12	44,844.63
35			
36	DEFERRED DEBITS		
37			
38	Unamortized Debt Expense (181)		
39	Extraordinary Property Losses (182)		
40	Other Deferred Debits (183)		
41	Def. Losses From Disposition of Util. Plt. (187)		
42	Unamort. Loss on Reacquired Debt (189)		
43	Accum. Deferred Income Taxes (190)		
44	Unrecovered Purchased Gas Costs (191)		
45			
46			
47	Total Deferred Debits		
48			
49			
50	TOTAL ASSETS AND OTHER DEBITS	331,811.25	297,483.76

BALANCE SHEET

Line No.	LIABILITIES AND OTHER CREDITS	Balance First Of Year	Balance Last Of Year
1			
2	PROPRIETARY CAPITAL		
3			
4	Common Capital Stock(201)	3,200.00	3,200.00
5	Preferred Capital Stock(204)		
6	Other Paid-In Capital(207)	4,179.00	4,179.00
7	Discount on Capital Stock(213)		
8	Capital Stock Expense(214)		
9	Appropriated Retained Earnings(215)	<142,152.51>	<218,942.81>
10	Unappropriated Retained Earnings(216)		
11	Reacquired Capital Stock(217)		
12	Noncorporate Proprietorship(218)	<134,773.51>	<211,563.81>
13	Total Proprietary Capital		
14			
15	LONG-TERM DEBT		
16			
17	Bonds(221)		
18	Advances From Associated Companies(223)	324,983.24	336,658.31
19	Other Long-Term Debt(224)	324,983.24	336,658.31
20	Total Long-Term Debt		
21			
22	CURRENT AND ACCRUED LIABILITIES		
23			
24	Notes Payable(231)		28,517.21
25	Accounts Payable(232)		
26	Notes Payable to Associated Companies(233)		
27	Accounts Payable to Associated Companies(234)	33,546.03	35,314.28
28	Customer Deposits(235)	1,346.76	1,205.90
29	Taxes Accrued(236)		643.14
30	Interest Accrued(237)		
31	Other Current and Accrued Liabilities(238)	34,892.79	65,680.53
32	Total Current and Accrued Liabilities		
33			
34	DEFERRED CREDITS		
35			
36	Customer Advances for Construction(252)	106,708.73	106,708.73
37	Other Deferred Credits(253)		
38	Accum. Deferred Investment Tax Credits(255)		
39	Accum. Deferred Income Taxes(281-283)	106,708.73	106,708.73
40	Total Deferred Credits		
41			
42	OPERATING RESERVES		
43			
44	Property Insurance Reserve(261)		
45	Injuries and Damages Reserve(262)		
46	Pensions and Benefits Reserve(263)		
47	Miscellaneous Operating Reserves(265)		
48	Total Operating Reserves		
49		331,811.25	297,483.76
50	TOTAL LIABILITIES AND OTHER CREDITS		

ANALYSIS OF GAS UTILITY PLANT AND ACCUMULATED
PROVISIONS FOR DEPRECIATION, DEPLETION AND AMORTIZATION

Line No.	Acct. No.	Item	Amount
GAS UTILITY PLANT			
1	101	Gas Plant In Service-Classified(from Pg. 5, line 42)	552,569.13
2	102	Gas Plant Purchased or Sold	
3	103	Gas Plant in Process of Reclassification	
4	106	Completed Construction Not Classified	
5		Total	552,569.13
6	104	Gas Plant Leased to Others	
7	105	Gas Plant Held for Future Use	
8	107	Construction Work in Progress-Gas	
9	114	Gas Plant Acquisition Adjustments	
10	116	Other Gas Plant Adjustments	
11			
12		Total Utility Plant(fwd. to Pg. 2, line 4)	552,569.13
13		Less:	
14	110	Accum. Prov. for Depreciation, Depletion and	299,930.00
15		Amort. of Gas Utility Plant(fwd. to pg. 2, line 6)	
16		Net Utility Plant(fwd. to pg. 2, line 7)	225,639.13
17			

DETAIL OF ACCUMULATED PROVISION
FOR DEPRECIATION, DEPLETION AND
AMORTIZATION OF GAS UTILITY PLANT

18	In Service:		
19	Depreciation		299,930.00
20	Depletion		
21	Amortization		
22	Total-In Service		299,930.00
23	Leased to Others:		
24	Depreciation		
25	Depletion		
26	Amortization		
27	Total-Leased to Others		
28	Held for Future Use:		
29	Depreciation		
30	Amortization		
31	Total-Held for Future Use		
32	Amortization of Gas Plant Acquisition Adjustments		
33	TOTAL ACCUMULATED PROVISIONS(Same as line no. 15 above)		299,930.00

NOTES TO BALANCE SHEET

This space is provided for important notes regarding the balance sheet

GAS UTILITY PLANT IN SERVICE

Report in col. (c) entries reclass. property from one acct. to another. Corrections of entries of the preceding yr. should be recorded in col. (c) or col. (d), as they are corrections of additions or rel. Balance

Line No.	Account (a)	Balance First of Yr. (b)	Additions (c)	Retirements (d)	Adj.-Inc. or Dec. (e)	Balance End of Year (f)
1	Intangible Plt.-Acct. 301-303(Attach Sch.)					
2	Gas Prod. Plt.- Acct. 304-363(Attach Sch.)					
3	TRANSMISSION PLANT					
4	Land and Land Rights(365.1)					
5	Rights-of-Way(365.2)					
6	Structures and Improvements(366)					
7	Mains(367)					
8	Compressor Station Equipment(368)					
9	Meas. & Regulating Station Equip.(369)					
10	Communication Equipment(370)					
11	Other Equipment(371)					
12	Total Transmission Plant					
13	DISTRIBUTION PLANT					
14	Land and Land Rights(374)	1,528.00				1,528.00
15	Structures and Improvements(375)					
16	Mains(376)	453,791.13				453,791.13
17	Compressor Station Equipment(377)					
18	Meas. & Reg. Station Equip.-Gen'l.(378)					
19	Meas. & Reg. Stat. Equip-City Gate(379)					
20	Services(380)					
21	Meters(381)	40,731.00				40,731.00
22	Meter Installations(382)	43,100.00				43,100.00
23	House Regulators(383)	7,838.00				7,838.00
24	House Regulator Installations(384)					
25	Ind. Meas. & Reg. Station Equip.(385)					
26	Other Prop. on Customers Premises(386)					
27	Other Equipment(387)					
28	Total Distribution Plant	546,988.13				546,988.13
29	GENERAL PLANT					
30	Land and Land Rights(389)					
31	Structures and Improvements(390)					
32	Office Furniture and Equipment(391)	5,581.00				5,581.00
33	Transportation Equipment(392)					
34	Stores Equipment(393)					
35	Tools, Shop & Garage Equipment(394)					
36	Laboratory Equipment(395)					
37	Power Operated Equipment(396)					
38	Communication Equipment(397)					
39	Miscellaneous Equipment(398)					
40	Other Tangible Plant(399)					
41	Total General Plant	5,581.00				5,581.00
42	TOTAL GAS PLANT IN SERVICE	552,569.13				552,569.13

STATEMENT OF INCOME FOR THE YEAR

Line No.	Account (a)	Average No. Customers (b)	MCF Of Nat. Gas Sold (c)	Amount (d)
1				
2	OPERATING REVENUES			
3	Residential Sales(480)	373	25,380	215,724
4	Commercial and Industrial Sales(481)	36	5,198	
5	Interdepartmental Sales(484)			
6	Total Sales to Ultimate Consumers	409	30,578	259,908.77
7	Sales for Resale(483)			
8				
9	Total Gas Service Revenues	409	30,578	259,908.77
10				
11	OTHER OPERATING REVENUES			
12	Forfeited Discounts(487)			
13	Miscellaneous Service Revenues(488)			
14	Revenues From Transportation of Gas of Others(489)			
15	Revenues From Natural Gas Processed by Others(490)			
16	Rent From Gas Property(493)			
17	Other Gas Revenues(495)			
18	Total Other Operating Revenues			
19	Total Gas Operating Revenues			259,908.77
20				
21	OPERATING EXPENSES			
22	Total Gas Operation & Maint. Expenses(from pg. 11. line 31)			283,124.85
23	Depreciation and Depletion Expense(403)			23,289.00
24	Amortization Expense(404-407)(from pg. 12)			
25	Taxes Other Than Income Taxes(408.1)(from pg. 12)			8,325.68
26	Total Income Taxes-Utility Operations(from pg. 12)			
27	Total Gas Operating Expenses			314,739.53
28	Net Operating Income			<54,830.76>
29				
30	OTHER INCOME			
31	Nonutility Income(415-418)			
32	Interest and Dividend Income(419)			9.11
33	Miscellaneous Nonoperating Income(421)			
34	Other Accounts(Specify Acct. No. & Title):			
35				
36				
37	Total Other Income			9.11
38				
39	OTHER DEDUCTIONS			
40	Interest on Long-Term Debt(427)			21,968.65
41	Amort. of Debt Discount and Expense(428)			
42	Nonutility Deductions(426.1 - 426.5)			
43	Other Interest Expense(431)			
44	Total Income Taxes-Nonutility Operations(From Pg. 12)			
45	Other Accounts(Specify Acct. No. & Title):			
46				
47				
48	Taxes Other Than Income Taxes(408.2)(from pg. 12)			
49	Total Other Deductions			21,968.65
50	NET INCOME			<76,790.30>

GAS OPERATION AND MAINTENANCE EXPENSES

Line No.	Account (a)	Amount (b)
1		
2	MANUFACTURED GAS PRODUCTION	
3	Total-Acct. No. 700-706(Attach Schedule by Accounts)	
4		
5	NATURAL GAS PRODUCTION AND GATHERING	
6	Total-Acct. No. 710-719(Attach Schedule by Accounts)	
7		
8	EXPLORATION AND DEVELOPMENT EXPENSES	
9	Total-Acct. No. 720-723(Attach Schedule by Accounts)	
10		
11	STORAGE EXPENSES	
12	Total-Acct. No. 740-747(Attach Schedule by Accounts)	
13		
14	OTHER GAS SUPPLY EXPENSES	
15	Natural Gas Purchases(730)	170,146.11
16	Other Gas Purchases(731)	
17	Purchased Gas Cost Adjustments(731.1)	
18	Purchased Gas Expenses(732)	
19	Gas Withdrawn From Storage-Debit(733)	
20	Gas Delivered to Storage-Credit(734)	
21	Gas Used in Utility Operations-Credit(735)	
22	Other Gas Supply Expenses(736)	
23	Total Other Gas Supply Expenses	170,146.11
24		
25	TRANSMISSION EXPENSES	
26	Operation Supervision and Labor(750)	
27	Compressor Station Fuel and Power(751)	
28	Operation Supplies and Expenses(752)	
29	Transmission and Compression of Gas by Others(753)	
30	Rents(754)	
31	Maintenance of Mains(755)	
32	Maintenance of Compressor Station Equipment(756)	
33	Maintenance of Other Plant(757)	
34	Total Transmission Expenses	
35		
36	DISTRIBUTION EXPENSES	
37	Supervision(760)	30,000.00
38	Mains and Services Labor(761)	
39	Mains and Services Supplies and Expenses(762)	
40	Meter and House Regulator Expenses(763)	
41	Customer Installation Expenses(764)	
42	Miscellaneous Distribution Expenses(765)	
43	Rents(766)	
44	Maintenance of Lines(767)	1,239.14
45	Maintenance of Meters and House Regulators(768)	
46	Maintenance of Other Plant(769)	
47	Total Distribution Expenses	31,239.14
48		
49		

GAS OPERATION AND MAINTENANCE EXPENSES(Con't.)

Line No.	Account (a)	Amount (b)
1		
2	CUSTOMER ACCOUNTS EXPENSE	
3	Meter Reading Labor(901)	3,000.00
4	Accounting and Collecting Labor(902)	
5	Supplies and Expenses(903)	
6	Uncollectible Accounts(904)	
7	Total Customer Accounts Expense	3,000.00
8		
9	CUSTOMER SERVICE AND INFORMATIONAL EXPENSES	
10	Customer Service and Informational Expenses(907)	
11		
12	ADMINISTRATIVE AND GENERAL EXPENSES	
13	Administrative and General Salaries(920)	27,000.00
14	Office Supplies and Expenses(921)	581.92
15	Administrative Expenses Transferred-Credit(922)	
16	Outside Services Employed(923)	13,069.83
17	Property Insurance(924)	111.00
18	Injuries and Damages(925)	
19	Employee Pensions and Benefits(926)	
20	Franchise Requirements(927)	
21	Regulatory Commission Expenses(928)	
22	Duplicate Charges-Credit(929)	
23	General Advertising Expenses(930.1)	816.14
24	Miscellaneous General Expenses(930.2)	
25	Rents(931)	5,600.00
26	Transportation Expenses(933)	4,663.36
27	Maintenance of General Plant(935)	
28	Total Administrative and General Expenses	78,739.60
29		
30		
31	TOTAL GAS OPERATION & MAINT. EXPENSES(to pg. 9, line 22)	283,124.85

NUMBER OF CUSTOMERS

END OF YEAR

Residential(480)	336
Commercial and Industrial(481)	34
Interdepartmental Sales(484)	
Total-Ultimate Consumer	400
Sales for Resale(483)	
Total Gas Service Customers	400

TAXES OTHER THAN INCOME TAXES(408)

Show hereunder the various tax items which make up the amounts listed under Account Numbers 408.1 and 408.2 on page 9 , lines 25 and 48

Line No.	Item (a)	Amount (b)
1	Payroll Taxes	2,225.50
2	Public Service Commission Assessment	1,224.70
3	Other(Specify): PROPERTY TAXES	2,643.96
4	KENTUCKY SALES TAXES	2,024.02
5	LICENSE	208.00
6		
7		
8		
9		
10		
11	TOTAL (Same as pg. 9, lines 25 & 48)	8,325.68

OPERATING AND NON-OPERATING INCOME TAXES

Acct. No. (a)	Account (b)	Amount (c)
409.1	Income Taxes-Federal	
409.1	Income Taxes-State	
409.1	Income Taxes-Other	
410.1	Provision For Deferred Income Taxes	
411.1	Provision For Deferred Income Taxes-Credit	
411.4	Investment Tax Credit Adjustment-Net	
	Total Income Taxes-Utility Operat. Income(to pg9 ,line26)	
409.2	Income Taxes-Federal	
409.2	Income Taxes-State	
409.2	Income Taxes-Other	
410.2	Provision For Deferred Income Taxes	
411.2	Provision For Deferred Income Taxes-Credit	
411.5	Investment Tax Credit Adjustment-Net	
	Total Income Taxes-Nonutility Op. Income(to pg 9 ,line44)	-0-

AMORTIZATION EXPENSE

Acct. No. (a)	Account (b)	Amount (c)
404	Amortization of Limited-Term Gas Plant	
405	Amortization of Other Gas Plant	
406	Amortization of Gas Plant Acquisition Adjustments	
407.1	Amortization of Property Losses	
407.2	Amortization of Conversion Expenses	
	Total Amortization Expense(Same as pg. 9 , line 24)	-0-

SALES FOR REALE-NATURAL GAS(Account #483)

1. Report particulars concerning sales of natural gas during the year to other gas utilities for re-sale. Sales to each customer should be identified in column (c) where applicable, by rate schedule designation contained in the company's tariff.
2. Natural gas for the purpose of this schedule means either natural gas unmixed, or any mixture of natural and manufactured gas.
3. Point of delivery, column (b) should show name of city or town and state, and such other designation necessary to enable identification on maps of respondent's pipeline system.
4. Designate any sales which are other than firm sales, i.e., sales for storage, etc.
5. Where consolidated bills for more than one point of delivery are rendered under an FERC rate schedule, the several points of delivery shall be indicated in column (b) and the remainder of the information reported on a consolidated basis corresponding to the billing. Where, however, consolidated bills for more than one point of delivery are not rendered under an FERC rate schedule, the required information shall be furnished for each point of delivery.
6. Designate if BTU per cubic foot of gas is different for any delivery point from that shown in the heading of column (d)

Name of Other Gas Utility (Designate Associated Co) (a)	Point of Delivery (b)	FERC Tariff Rate Sch. Design. (c)	Approx. BTU Per Cu. Ft. (d)	MCF of Gas Sold (14.73 PSIA 60°F) (e)	Revenue For Year (see Inst. #5) (f)	Average Revenue Per MCF (g)
N/A						

GAS PURCHASES(Accounts 730, 731-Class C) (Account 730-Class D)

1. Report particulars of gas purchases during the year. 2. Natural gas for the purpose of classification herein is either natural gas unmixed, or any mixture of natural and manufactured gas. 3. Class C natural gas companies shall provide subheadings and totals for prescribed accounts 730-Natural Gas Purchases, and 731-Other Gas Purchases. 4. Where purchases are from unitized fields, or vendor is a partnership or joint interest arrangement, specify such fact in column (a) and give name of unit operator, principal partner, or largest owner of joint interest, as appropriate. 5. For well head and field line purchases indicate the gas field or production area, county and state. 6. Field purchases of less than \$25,000 per year from individual non-associated vendors may be grouped by fields or production areas. Show number of purchases so grouped. 7. Show in column (c) the Seller's FERC rate schedule designation and date of contract, including such designations for purchases from independent producers. Intrastate purchases for which there is no required filing of an FERC rate schedule shall be specified "intrastate", and dates of contracts shown. If for any purchases more than one rate schedule was in effect during the year, show the most recent rate schedule designation and in a footnote give superseded rate schedules and date of supersession, or a succinct explanation. The Operator's rate schedule designation is sufficient in cases where there are co-owners under the same purchase contract, but the entire volume of gas and amount, columns (h) and (i) must be shown for the purchase under the particular contract. Rate schedule designations are not required with respect to small purchases grouped as permitted by instruction 6.

Name of Vendor (Designate Assoc. Companies (a)	Point of Receipt (b)	Seller's FERC Rate Schedule Designation and Date of Contract (c)	Check Approp Class.			Approx. BTU Per Cu. Ft. (h)	MCF of Gas 14.73 Pisa 60 (i)	Amount (j) \$	AVG. Amt. Per MCF (cents) (k)
			Field Contract (d)	Other Contract (e)	Gas Solids (f)				
CLEAN GAS	MARTIN, KENTUCKY		X			21,884	55,148.00	2.52	
COLUMBIA GAS	MARTIN, KENTUCKY		X			23,662	114,998.00	4.86	

GAS ACCOUNT - NATURAL GAS

1. The purpose of this schedule is to account for the quantity of natural gas received and delivered by the respondent. Natural gas means either natural gas unmixed or any mixture of natural and manufactured gas.
2. Enter in column (b) the MCF as reported in schedules indicated for the respective items of receipts and deliveries.
3. If the respondent operates two or more systems which are not interconnected, separate schedules should be submitted. Insert pages should be used for this purpose.

Line No.	Item (a)	MCF (14.73 psia at 60°F) (b)
1		
2	GAS RECEIVED	
3		
4	Natural Gas Produced	
5	Purchases:	
6	Natural Gas Purchases (Acct. #730)	
7	Other Gas Purchases (Acct. #731) *	
8	Other Receipts: (Specify)	
9		
10		
11		
12	Total Receipts	
13		
14		
15	GAS DELIVERED	
16	Natural Gas Sales (same as pg. 9, col. c, line 9)	
17	Other Deliveries: (Specify)	
18		
19		
20		
21	Total Deliveries	
22		
23	Unaccounted for Gas	
24	Natural Gas Used by Respondent	
25	Total Deliveries and Unaccounted For	

*This type of gas purchase represents manufactured gas, refinery gas or any gas other than natural gas.

PERTINENT NOTES TO THE EXHIBITS AND SUPPORTING
SCHEDULES CONTAINED IN THIS ANNUAL REPORT FORM



COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION

730 SCHENKEL LANE
POST OFFICE BOX 615
FRANKFORT, KY 40602
(502) 564-3940

March 16, 1999

Mr. William Weinburg
Secretary/Treasurer
Martin Gas Company, Inc.
Route 550, P. O. Box 783
Hindman, Kentucky 41822

Dear Mr. Weinburg:

The 1998 annual report and report of gross operating revenues for Martin Gas Company were received March 16, 1999. The Oath Page of the annual report is being returned to you for completion. Please complete the page, sign it, have your signature notarized and return the page to me by March 31, 1999.

Thank you for your cooperation.

Sincerely,

A handwritten signature in cursive script that reads "Joyce Spear".

Joyce Spear
Annual Report Branch

OATH

State of Kentucky)
County of Knott) ss:

Before me, the undersigned officer duly authorized to administer oaths, there personally appeared William Weinberg,
(Name of affiant)
who, being first sworn by me, says on oath that he has charge of the records of MARTIN GAS COMPANY, INC.
(Exact legal name of company)

and that the foregoing report is true to the best of his knowledge and belief, and that it covers the period from January 1, 19 98, to December 31, 19 98.

William R. Weinberg
(Signature of affiant)

Subscribed and sworn to before me this 17th day of March, 19 99.

Sarah Russell
Notary Public, County of Knott
My Commission expires Feb. 26, 19 2003.

(SEAL)

OATH

State of _____)
County of _____) SS:

Before me, the undersigned officer duly authorized to administer oaths, there personally appeared JED WEINBURG,
(Name of affiant)

who, being first sworn by me, says on oath that he has charge of the records of MARTIN GAS COMPANY, INC.
(Exact legal name of company)

and that the foregoing report is true to the best of his knowledge and belief, and that it covers the period from January 1, 19 98, to December 31, 19 98.

(Signature of affiant)

Subscribed and sworn to before me this _____ day of _____, 19 _____.

Notary Public, County of _____
My Commission expires _____, 19 ____.

(SEAL)

00 (1-99)

PUBLIC SERVICE COMPANY PROPERTY TAX RETURN

Commonwealth of Kentucky
REVENUE CABINET
Department of Property Valuation
Division of State Valuation
Cincinnati, KY 40620

For Year Ending December 31, 1998

This return must be filed with the
Department of Property Valuation
between January 1 and April 30.

Print or Type Your Answers

➤ See Instructions

1999 GU 5595
MARTIN GAS INC
ATTN JED WEINBERG
PO BOX 783
HINDMAN KY 41822

	LEAVE BLANK	
	GNC Number	
Telephone No.: (606) 785-0761	Postmark Date	
Fax No.: ()	Log In Date	
	Entry Person	
b. Central Office	Preaudit	
SAME		

3. Refer All Correspondence to
For agents, etc., a current power of attorney must be on file with the Kentucky Revenue Cabinet.
Name and Title: JED WEINBURG, MANAGER Telephone No.:
P.O. BOX 783 ()
Address: HINDMAN, KENTUCKY 41822 Fax No.:
()

4. Type of Public Service Company
GAS UTILITY

5. Type of Ownership
 Corporation Partnership Individual
 S Corporation Other:

6. Organization Year: 1997 State: KY
7. Year Kentucky Operations Commenced 1997

8. Federal ID Number 61-0608045
State Income Tax Number 02889
9. Amount of Federal Income Tax -0-
Amount of State Income Tax -0-

10. Is your company affiliated with any other companies? (Parent/Subs) Yes No
If yes, submit organizational chart and informational reports. (KRS 136.130 and 136.140)

11. Has an independent authority or agency valued your property? Yes No
If yes, submit a copy of the appraisal report. (KRS 136.130 and 136.140)

12. Has the company or a fraction thereof sold, been purchased or merged within the last year? Yes No
If yes, submit an information report concerning the sale/purchase/merger. (KRS 136.130 and 136.140)

13. Are you required to file a federal regulatory report? Yes No
If yes, submit a copy of the regulatory report(s). (KRS 136.130 and 136.140)

Type of Company	Property Tax Return and Schedule Required	Other Reports Required
Passenger & Cargo Airlines	61A200 & Schedules G, H, I, J, K, K2, L2, N, P1-P4, S	All companies are required to submit a complete copy of their Public Service Commission Annual Report. (KRS 136.130 and 136.140) Also, a copy of stockholder's annual report, parent company's annual report and organization's financial statements are required and other reports requested on page 1. (KRS 136.130 and 136.140)
Jetlines	61A200 & Schedules G, H, I, J, K, K2, L, N, P1-P4	
Cable Television Companies	61A200 & Schedules G, H, I, J, K, K2, L, N, P5-P7, T	
Electric Utilities	61A200 & Schedules G, H, I, J, K, K2, L, N, P1-P4, R	
Landfill Companies	61A200 & Schedules G, H, J, K, N, P1-P4, Q, R	
Railroad Companies	61A200 & Schedules G, H, I, J, K, K2, L, M, N, O, P1-P4, R	
Sewer & Water Companies	61A200 & Schedules G, H, I, J, K, N, P1-P4, R	
Gas Utilities & Transmissions	61A200 & Schedules G, H, I, J, K, K2, L, N, P1-P4, R	
Oil Transmission Companies	61A200 & Schedules G, H, I, J, K, K2, L, N, P1-P4, R	
RECC & RTCC	61A200 & Schedules G, H, I, J, K, K2, L, N, P1-P4, R	
Ferry & Toll Bridges	61A200 & Schedules G, H, I, J, K, K2, L, N, P1-P4	
Telecommunication Companies	61A200 & Schedules G, H, I, J, K, K2, L, N, P1-P4, T	

I declare under penalties of perjury that this return, including any accompanying schedules and statements, has been examined by me and to the best of my knowledge and belief is a true, correct and complete return.

Signature _____ Title _____ Date _____

REPORT OF CAPITAL STOCKS
As of December 31, 1998

Name of Taxpayer MARTIN GAS, INC.

INSTRUCTIONS ON REVERSE

G CAPITAL STOCKS ANALYSIS AT CLOSE OF YEAR

(A) Class of Stock	(B) Date Authorized	(C) Shares or Par Value Authorized	(D) Shares or Par Value Outstanding at Close of Year	(E) Shares or Par Value Held by Taxpayer at Close of Year	(F) (D) minus (E) Shares or Par Value Outstanding in Hands of Investors	Annual Price Range		(I) Fair Value Per Share	(J) (F) x (I) Fair Value Total Actually Outstanding at Close of Year
						(G) Yearly High	(H) Yearly Low		
COMMON	1997	32	32		32			100	3,200

REPORT OF FUNDED DEBT
As of December 31, 1998

Name of Taxpayer MARTIN GAS, INC.

INSTRUCTIONS ON REVERSE

H	FUNDED DEBT ANALYSIS AT CLOSE OF YEAR	(A) Name and Character of Each Obligation	(B) Nominal Date of Issue	(C) Date of Maturity	(D) Total Par Value Outstanding at Close of Year	(E) Total Par Value Held by Taxpayer at Close of Year	(F) (D) minus (E) Total Par Value Outstanding in Hands of Investors	(G) Interest Rate	Annual Price Range		(J) Fair Value Per \$100	(K) (F) x (J) Fair Value Total Actually Outstanding at Close of Year
									(H) Yearly High	(I) Yearly Low		
		DEPT. OF LOCAL GOVERNMENT THE BANK OF HINDMAN	12/90 07/98	2021 2000	318,536 18,122			6% 8.25%	N/A N/A	N/A N/A	N/A N/A	318,536 18,122

BUSINESS SUMMARY BY TAXING DISTRICT

As of December 31, 1998

Page _____

Name of Taxpayer MARTIN GAS, INC.

INSTRUCTIONS ON REVERSE

(1) Name of Taxing District	(2) Gross Revenues	(3) Customers/ Subscribers	(4) Pops	(5) Actual Mileage (pipe, lines, etc.)	(6) <input type="checkbox"/> Arrivals or <input type="checkbox"/> Departures	(7) Emplane and Deplane Passengers	(8) Emplane and Deplane Freight, Express and Mail
FLOYD COUNTY, MARTIN KENTUCKY SCHOOL COMMON	259,909				N/A	N/A	N/A
Grand Totals							

PROPERTY SUMMARY BY TAXING DISTRICT
OPERATING AND NONOPERATING PROPERTY

As of December 31, 1998

Name of Taxpayer MARTIN GAS, INC.

INSTRUCTIONS ON REVERSE

Name of Taxing District	State Tax Only						State and Local Tax		Total Property
	Manufacturers Raw Materials	Manufacturing Machinery	Radio-Television-Telephonic Equipment	<input type="checkbox"/> Pollution Control Equipment <input type="checkbox"/> Recycling Equipment	Foreign Trade Zone	Business Inventory for Resale	Real Estate Owned and Leased	Tangible Personally Owned and Leased	
FLOYD COUNTY, MARTIN, KENTUCKY SCHOOLS COMMON							1,528	251,111	252,639

OPERATING PROPERTY LISTING BY TAXING JURISDICTION
 As of December 31, 1998

Name of Taxpayer MARTIN GAS, INC.

List of Property in MARTIN, KENTUCKY County FLOYD

INSTRUCTIONS ON REVERSE

(A) Description of Property (Including Address) <i>Separate Property by Class</i>	(B) Taxpayer's Original Cost	(C) Taxpayer's Net Book Value	(D) Taxpayer's Reported Value
REAL ESTATE LAND AND LAND RIGHTS MAINS TOTAL REAL ESTATE	\$ 1,528 453,791 455,319	\$ 1,528 223,321 224,849	
PERSONALTY METERS REGULATORS OFFICE EQUIPMENT TOTAL PERSONALTY	83,831 7,838 5,581 97,250	26,401 834 555 27,790	
GRAND TOTAL TANGIBLE	\$552,569	\$252,639	

NONOPERATING PROPERTY LISTING BY TAXING DISTRICT

As of December 31, 1998

Page

Name of Taxpayer MARTIN GAS, INC.

List of Property in _____ County _____

INSTRUCTIONS ON REVERSE

(A) Description of Property (Including Address) <i>Separate Property by Class—Real Estate, Tangible Personalty and Intangible Property</i>	(B) Taxpayer's Original Cost	(C) Taxpayer's Net Book Value	(D) Taxpayer's Reported Value
--	------------------------------------	-------------------------------------	-------------------------------------

NONE	-0-	-0-	-0-
------	-----	-----	-----

REPORT OF PROPERTY AND BUSINESS FACTORS



OPERATING AND NONCARRIER PROPERTY

For All Interstate Companies

As of December 31, 1998

of Taxpayer MARTIN GAS, INC. (N/A INTRASTATE ONLY)

INSTRUCTIONS ON REVERSE

A) PROPERTY FACTORS

	Total Everywhere Amount	Reference in Regulatory Report	Total in Kentucky Amount	Kentucky Percent
(1) Plant in Service (Investment)				
(2) CWIP-Real and Personal				
(3) Materials and Supplies				
(4) Inventories				
(5) Operating Leased Property-Real		From Schedule N, Column (H)		
(6) Operating Leased Property-Personal		From Schedule N, Column (H)		
(7) Gross Book Value				
(8) Depreciation				
(9) Net Book Value				

B) OTHER PROPERTY FACTORS

	Total Everywhere Amount	Total in Kentucky Amount	Kentucky Percent
(10) Access Lines/Minutes Billed			
(11) Wire Miles			
(12) Transmission Pipeline Miles			
(13) Distribution Pipeline Miles			
(14) Gathering Pipeline Miles			
(15) Total Route Miles			
(16) Total Actual Operated Miles			
(17) Customers/Subscribers			
(18) Other			

C) BUSINESS FACTORS

	Total Everywhere Amount	Total in Kentucky Amount	Kentucky Percent
(19) Rate Base			
(20) Gross Operating Revenue			
(21) Net Operating Profit			
(22) Customers/Subscribers			
(23) Pops			
(24) Other			

**REPORT OF PROPERTY AND BUSINESS FACTORS
 FOR INTERSTATE RAILROAD AND SLEEPING CAR COMPANIES**



To Accompany Public Service Company Property Tax Return

> Print or Type Your Answers

> Instructions on Reverse

Name of Employer	MARTIN GAS, INC. (N/A)	Return for year ending December 31, 1998
-------------------------	------------------------	---

PART I—PROPERTY FACTORS

Distribution of Property:

	(A) Original Cost to December 31, 19__		(B) Changes in property since computation subsequent to December 31, 19__		
	(1) Total Property	(2) Total Road	(1) Additions to Road	(2) Retirements from Road	(3) Net additions of Equip. and Gen. Exp.
Total Everywhere					
In Kentucky					
Percent in Kentucky					

Distribution of Mileage:

		Total Everywhere	Total in Kentucky	Percent in Kentucky
(A) Mileage owned, operated, leased and controlled	Main track			
	All track excluding trackage rights			
(B) Total mileage operated	Main track			
	All track excluding trackage rights			
(C) Mileage not operated	Main track			
	All track excluding trackage rights			

PART II—BUSINESS FACTORS

Traffic Units	Total in Kentucky	Total Everywhere	(B) Car and Locomotive Miles	Total in Kentucky	Total Everywhere
Car Miles*			(1) Car miles*		
			(2) Locomotive miles		
Total			Total		
Percent		100%	Percent		100%
Cars Loaded			(C) Gross Receipts*		
Cars Unloaded			Percent		100%

*Exclude amounts applicable to private cars which are individually taxed.

REPORT OF LEASED REAL AND PERSONAL PROPERTY

N

SYSTEM AND KENTUCKY OPERATING LEASES

As of December 31, 1998

Page

Name of Taxpayer MARTIN GAS, INC. (N/A-- NO OPERATING LEASES)

(A) Description of Real and Personal Property (Year, Manufacturer, Type and Model)	(B) Location (State)	(C) Acquisition Cost	(D) Beginning Date of Lease	(E) Annual Lease Payment	(F) Remaining Term of Lease	(G) Salvage Value	(H) Depreciated Cost	(I) Taxpayer's Reported Value
NONE								
TOTAL								

Leased Operating Property—If taxpayer leases real and/or tangible personal property from other individuals, companies or corporations, Revenue Form 61A200(N) must be completed. All system-wide operating leased property must be listed and segregated into real and personal property categories. The Kentucky totals are also to be identified and reported on Schedules K, L and P1. If the lease payments are not consistent over the life of the lease indicate the terms of the lease.

Industrial Revenue Bonds—If the taxpayer has received any proceeds from the sale of Industrial Revenue Bonds, the amount of the proceeds must be reported on Schedule D.

REPORT OF KENTUCKY OPERATIONS
OPERATING AND NONCARRIER PROPERTY
As of December 31, 1998

Name of Taxpayer MARTIN GAS, INC.

INSTRUCTIONS: Complete the following summary of Kentucky plant investment for your operation. Indicate the original cost, adjustments and net book values. The total property reported below must equal the total property values reported for all counties on Schedule K. Also, for interstate companies, the totals must agree with the totals found on Schedule L, Section A.

NOTE: Operating leased property and CWIP (construction work in progress) must be separated into real and tangible personal property subclasses. Property classified as a pollution control facility must have received certification under CRS 224.01-300 prior to the January 1 assessment date. For a list of property which qualifies as commercial radio, television and telephonic equipment, contact the Department of Property Valuation.

KENTUCKY PROPERTY INVESTMENT						
	Gross Book Value, Beginning Balance	Additions	Retirements	Gross Book Value, Ending Balance	Accumulated Depreciation	Net Book Value
Land	1,528	-0-	-0-	1,528	-0-	1,528
Buildings & Leasehold Improvements	453,791	-0-	-0-	453,791		223,321
CWIP-Real Estate						
Land Oil, Gas, Coal, etc.-Noncurrent						
Operating Leased Property-Real						
Leasehold Property-Real						
Plant Equipment	91,669	-0-	-0-	91,669		27,235
Property Held for Future Use						
Cost Acquisition Adjustment						
Incompleted Construction not Classified						
CWIP-Personal						
Leasehold Improvements-Personal						
Operating Leased Property-Personal						
Spares Parts						
Furniture & Fixtures & Computers	5,581	-0-	-0-	5,581		555
Materials & Supplies						
Business Inventory for Resale						
Manufacturers Business Inventory						
Manufacturing Machinery						
Radio, Television & Telephonic Equip.						
Certified Pollution Control Facility Equip.						
Certified Foreign Trade Zone						
Recycling Equipment						
Miscellaneous Personal Property						
Motor Vehicles-AppORTioned & Regular						
Railroad Car Lines						
Noncarrier Property-Personal						
Other						
TOTAL	552,569	-0-	-0-	552,569		252,639

Did you file a 1999 Public Service Company Property Tax Return for Railroad Car Lines. Revenue Form 61A202? Yes No

If yes, what was the Kentucky Taxable Value from page 1? N/A

Did you file a 1999 Kentucky Apportioned Vehicle Return. Revenue Form 61A203? Yes No

What is your KYU number? _____ If yes, what was the Kentucky Taxable Value from page 1, line 29? N/A

BALANCE SHEET INFORMATION

As of December 31, 1998

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Case submit internal financial statement (preferably audited) if available. Otherwise, prepare this schedule. Financial statements required should represent the entire unit, not just Kentucky portion.

Item	Amount for Current Year (Omit Cents)
ASSETS	
Current Assets:	
Cash	545
Accounts Receivable (<i>Attach Separate Schedule Showing Detail</i>) CUSTOMERS	43,799
Intercompany Accounts Receivable (<i>Attach Separate Schedule Showing Detail</i>)	
Other Current Assets (<i>Attach Separate Schedule Showing Detail</i>) UTILITY DEPOSITS	500
Total Current Assets	44,844
Fixed Assets:	
Land	
Building	
Plant Equipment	552,569
Unallocated Items	
Materials and Supplies	
Construction Work in Progress	
Other Fixed Assets	
Plant Adjustment	
Less: Accumulated Depreciation	299,930
Total Fixed Assets	252,639
Other Assets:	
Other Assets (<i>Attach Separate Schedule Showing Detail</i>)	
Less: Accumulated Amortization	
Goodwill Less: Accumulated Amortization	
Total Other Assets	
Total Assets	297,483
LIABILITIES	
Current Liabilities:	
Loans Payable	
Accounts Payable	28,517
Other Current Liabilities	37,163
Total Current Liabilities	65,680
Deferred Credits:	
Total Deferred Credits	90,750
Long-Term Debt:	
Total Long-Term Debt	336,658
Owner's Equity:	
Total Stock Issued	3,200
Proprietor's Equity	
Retained Earnings	<202,984>
Other Owner's Equity	4,179
Total Owner's Equity	231,803
Total Liabilities and Owner's Equity	297,483

Organization or Purchase 1977

Owner Purchased Operation, Give Name of Prior Owner

Purchase Price (Including all considerations) N/A

Service Began 1977

Subscribers/Customers

Average Regular Subscriber/Customer Monthly Fee

Revenue and Expense for Five Previous Years

Year Ending December 31,	1997	1996	1995	1994	1993
Gross Revenue	\$ 315,833	\$ 297,739	\$ 278,540	\$ 279,690	\$ 293,395
Operating Expenses	\$ 284,070	\$ 247,435	\$ 270,292	\$ 249,421	\$ 245,900
Depreciation Expenses	\$ 23,827	\$ 24,353	\$ 24,419	\$ 24,571	\$ 29,317
Net Operating Income	\$ <1,974>	\$ 17,296	\$ <26,029>	\$ <4,125>	\$ 6,851

REPAIRS AND MAINTENANCE	1,239
ADVERTISING	816
PAID DEBTS	854
AUTO AND TRUCK	3,226
DUES AND SUBSCRIPTIONS	15
INSURANCE	7,173
LEGAL AND PROFESSIONAL	975
MANAGEMENT SERVICES	33,000
MISCELLANEOUS	427
OFFICE EXPENSE	1,456
OTHER CONTRACTUAL SERVICES	13,070
TELEPHONE	1,945
UNIFORMS	1,175
	<u>\$ 65,371</u>

RESULTS OF OPERATIONS
 12 Months Ending December 31, 1998

P3

submit internal financial statement (preferably audited) if available. Otherwise, prepare this schedule. Financial statements required should represent the entire unit, not just Kentucky portion.

Item	Amount for Current Year (Omit Cents)
Operating Income:	
Operating Revenue	259,909
Cost of Goods Sold	170,146
Operating Gross Profit	89,763
Owner's Compensation	
Employees' Wages and Benefits	27,000
Rent	20,608
Depreciation	23,289
Amortization	
Taxes, Other Than Income	8,327
All Other Deductions <i>(Attach Separate Schedule Showing Detail)</i>	65,371
Operating Net Income	<54,832>
Other Income and Expenses:	
Other Income, Net <i>(Attach Separate Schedule Showing Detail)</i>	
Net Income Before Interest and Taxes	
Interest Income	9
Interest Expense	21,969
Net Income Before Taxes	<76,792>
Income Taxes	
Deferred Income Taxes	
Net Income	<76,792>

Total Number of Employees: Full-time ONE (1) Part-time _____ Total ONE (1)

Part F	Fixed Asset Classification	Amount	Useful Life (Years)	Fixed Asset Classification	Amount	Useful Life (Years)
Estimated Useful Lives of Fixed Assets		\$ N/A			\$	
		\$			\$	
		\$			\$	
		\$			\$	
		\$			\$	

Part G	Amount	Number of Person:
Salaries to Owners	\$ -0-	
Other Direct Payment Included in Total	Total Amount	Type
	\$ -0-	
Expense Payments to Spouse or Relatives	Total Amount	Type
	\$ -0-	

- (1) Rent
- (2) Payments for Services
- (3) Payment for Equipment
- (4) Payments for Supplies
- (5) Travel and Entertainment
- (6) Other

SUPPLEMENTAL ACCOUNTING INFORMATION

	Amortization Term (in Years)	Amortization Method Used (Code)	Amount Capitalized During Year	Amount Amortized During Year
Deferred System Development Costs	N/A		\$	\$
Franchise Costs (Recorded as Assets)	N/A		\$	\$
Goodwill	N/A		\$	\$

- | | |
|------------------------------|------------------------------|
| (1) Straight Line | (4) Sum-of-the-Years'-Digits |
| (2) Declining Balance | (5) Other |
| (3) Double-Declining Balance | |

	Total Capitalized	Amount Capitalized During Year	Use Life (Years)
Capitalized Interest on System Construction	\$ N/A	\$	

	Total Amount of Asset	Amount NOT Being Amortized	Amount Being Amortized
Deferred System Development Costs	\$ N/A	\$	\$
Franchise Costs (Recorded as Assets)	\$ N/A	\$	\$
Goodwill	\$ N/A	\$	\$

	Total Amount of Allocated Costs	Method Used to Allocate Costs to System (Code)
Overhead Costs Allocated to System	\$ N/A	

- | | |
|-------------------------------|------------------------|
| (1) Per Number of Subscribers | (3) Per Miles of Plant |
| (2) Per Gross Revenues | (4) Other |

Part E	Amount
9. Original Cost of Fixed Assets (Seller's Book Value)	\$ N/A
10. Portion of Purchase Price Allocated to Seller's Book Value	\$ N/A
11. Recorded Cost of Fixed Assets by Purchaser	\$ N/A

SCHEDULE OF MORTGAGED PROPERTY AND COLLATERAL

The property mortgaged herein comprises all the assets of Martin Gas, Inc., including but not limited to all wells, mains, lines, valves, regulators, meters, service connections, regulator stations, and related equipment and appurtenances, owned and used by Martin Gas, Inc. in the service of natural gas to approximately 405 customers located in the town of Martin and vicinity, including all easements and rights-of-way for its mains and services.

SECURITY AGREEMENT AND MORTGAGE

THIS SECURITY AGREEMENT AND MORTGAGE made and entered into this _____ day of _____, _____ by and between Martin Gas, Inc., hereinafter referred to as the Debtor; and the Commonwealth of Kentucky, acting by and for the use and benefit of the Department of Local Government, 1024 Capital Center Drive, Frankfort, Kentucky 40601, hereinafter referred to as the Secured Party:

WITNESSETH:

WHEREAS, the Debtor has applied, been approved for and received a loan from the Secured Party's Gas Systems Restoration Project Account, hereinafter referred to as GSRP Account, in the amount of three hundred fifty-seven thousand, two hundred and seventy-four dollars (\$357,274.00) with interest to run thereon at the rate of 4 percent, compounded annually for fifteen years from _____, 1999 and

WHEREAS, as a prerequisite to the receipt of the loan funds, the Debtor agreed to and executed CONDITIONS OF LOAN TO MARTIN GAS, INC., a true copy of which is attached hereto and marked as SECURITY AGREEMENT EXHIBIT C3, hereinafter referred to as Conditions, and

WHEREAS, paragraph ten of said Conditions provides that the Secured Party shall have as security for the loan a lien on all the assets and future earnings of Martin Gas, Inc., and

WHEREAS, the Debtor has executed this date a promissory note as evidence of the debt secured by this Security Agreement and Mortgage and now wishes to execute this Security Agreement and Mortgage granting, releasing, assigning, transferring, pledging, and conveying to the Secured Party the lien as required by said Conditions,

NOW, THEREFORE, in consideration of the foregoing premises and the covenants herein contained and other valuable consideration, the receipt of which is hereby acknowledged, and in order to effectuate the aforesaid mortgage lien security interest to the Secured Party, the parties hereto hereby mutually agree, covenant and bind themselves as follows:

1. In order to secure the performance of a promissory note of even date herewith, the Debtor hereby grants, releases, assigns, transfers, pledges, conveys and mortgages to the Secured Party a mortgage lien and security interest in all property, both real and personal, tangible and intangible, as listed on the schedule of property attached hereto and marked as SECURITY AGREEMENT EXHIBIT C1, SCHEDULE OF MORTGAGED PROPERTY AND COLLATERAL, said listing comprising all of the assets of Martin Gas, Inc.

2. The Debtor hereby ratifies and reaffirms the terms and conditions set out in the attached Conditions, said Conditions constituting covenants of this Security Agreement and the note secured thereby, and breach of these Conditions, and or failure to timely make any installment payment as set out herein, or breach of any other covenant as contained herein or contained in the note secured hereby, shall constitute default and a material breach of the terms hereof for which the Secured Party may proceed to enforce its rights hereunder and under the terms of the promissory note secured hereby by initiating foreclosure proceedings as provided by law, at the option of the Secured Party.

3. It is covenanted and agreed that under the terms of this agreement and the note secured hereby, time of performance shall be of the essence.

4. The Debtor shall insure all of the property secured by this Security Agreement with companies acceptable to the Secured Party against such casualties as Debtor may be liable therefore and in such amounts as the Secured Party shall

require in writing subsequent to this agreement. The insurance shall be for the benefit of the Debtor and the Secured Party as their interest may appear. The Secured Party is hereby authorized to collect from the insurance company any amount that may become due under any of such insurance, and the Secured Party may apply the same to the obligations hereby secured, applying the same first to interest with the balance applied to principal.

5. The Debtor shall pay promptly when due all taxes and assessments levied on any of the property used as security in this agreement or on its use and operation.

6. The Debtor will not suffer or permit any waste, impairment, deterioration, removal or demolition of the mortgaged property or any part thereof, other than what is necessary in the ordinary course of business, and will keep its properties in good repair, working order and condition and from time to time will make all needed and proper repairs, and improvements thereto so that the business carried on by the Debtor may be properly and advantageously conducted at all times in accordance with the rules and regulations of the Public Service Commission.

7. The Secured Party shall have the right to examine and inspect the property used as security herein at any reasonable time.

8. This agreement and the note secured hereby shall be construed according to the applicable laws of the state of Kentucky and all obligations of the parties created hereunder are to be performed in the state of Kentucky.

9. Failure of the Secured Party to exercise any right or remedy, including but not limited by reason of enumeration, the acceptance of partial or delinquent payments, shall not constitute a waiver of any obligation of the Debtor nor the right or rights of the Secured Party of a waiver of any other similar default subsequently occurring.

TO HAVE AND TO HOLD all the property and assets of Martin Gas, Inc., both real and personal, tangible and intangible including but not limited by reason of enumeration, future and or contingent interest of the Debtor, as hereinbefore set out in the attached exhibit, unto the Secured Party, its heirs and assigns, forever with the Debtor's warranty that the property herein listed constitutes all of the property of Martin Gas, Inc. and that, other than that indebtedness set forth in the Public Service Commission Annual Report for year ending December 31, 1998 (Exhibit B), there exist no other financing statements or mortgages, or liens covering said property or any part thereof or interest therein.

IN TESTIMONY WHEREOF, witness the signature of the President of Martin Gas, Inc., on behalf of said corporation.

MARTIN GAS, INC.

BY: Lois Weinberg, President
Lois Weinberg, President

COMMONWEALTH OF KENTUCKY
DEPARTMENT OF LOCAL GOVERNMENT
GAS SYSTEM RESTORATION PROJECT ACCOUNT REVIEW BOARD

BY: _____
Bob Arnold, Commissioner and Chairman

STATE OF KENTUCKY)
)
STATE AT LARGE)

Before me, Sarah Russell, a notary public in and for the state aforesaid this day personally appeared LOIS WEINBERG, being and known to me as President of MARTIN GAS, INC., a Kentucky corporation, and acknowledged that she, as the duly authorized representative and agent of the aforesaid corporation having been authorized by resolution of the corporation's Board of Directors, executed the foregoing SECURITY AGREEMENT AND MORTGAGE on behalf of the aforesaid corporation, and said agreement was executed and is the free and voluntary act and deed of MARTIN GAS, INC., for the uses and purposes set forth therein; this 22 day of March, 1999.

Sarah Russell
Notary Public, State of Kentucky

My Commission expires: February 26, 2003.

STATE OF KENTUCKY)
)
COUNTY OF FRANKLIN)

Before me, _____, a notary public in and for the state and county aforesaid this day personally appeared Bob Arnold, being and known to me as the Commissioner of the Kentucky Department of Local Government and Chairman of the Kentucky Gas System Restoration Project Account Review Board, and acknowledged that he, as the duly authorized representative and agent for the aforesaid department and board, is authorized to execute the foregoing SECURITY AGREEMENT AND MORTGAGE with Martin Gas, Inc. for the uses and purposes set forth therein; this _____ day of _____, _____.

Notary Public, State of Kentucky

My Commission expires: _____.

This instrument prepared by: _____
Attorney

CONDITIONS OF LOAN TO MARTIN GAS INC.

The undersigned Martin Gas, Inc. (hereafter referred to as gas system) being a natural gas distribution system operated wholly within the Commonwealth of Kentucky, and having applied for a loan from the Gas System Restoration Project Account (hereafter referred to as GSRP Account) in the amount of \$375,274.00, hereby agrees to the following terms as a condition of said loan:

1. The gas system shall be operated in compliance with all rules, regulations and safety standards of the Kentucky Public Service Commission (hereafter referred to as PSC).
 - 1a. Extension and integration of the system shall be carried out in conformance with plans, specifications and documents previously approved by PSC until said construction is completed.
 - 1b. Gas system loan application and/or engineering plans and specifications shall be reviewed by the Department for Natural Resources and Environmental Protection (hereafter referred to as DNREP) and application eligibility will be contingent upon approval by said Department. Engineering plans and specifications shall contain information required by DNREP as indicated during predesign conference.
 - 1c. Maintenance procedures shall be performed in conformance with the requirements of the PSC throughout the term of the loan.
 - 1d. Gas system personnel shall assist and cooperate with PSC staff in conducting inspections of the gas system during the term of the loan.

2. Payment of the proceeds of this loan to the gas system, and obligations of the gas system under the terms of the loan documents, shall be contingent upon approval of PSC of refinancing of this debt by the gas system.
3. Proceeds of the loan shall be used for extension and integration of the gas system, and for refinancing of Gas System Restoration Project Loan 11, and for no other purpose.
4. Payment of proceeds of the loan for construction and rehabilitation shall be in the form of progress payments to the contractor from the GSRP Account.
 - 4a. Contractor shall submit to the Kentucky Department of Local Government a statement detailing the work performed and the amount due.
 - 4b. Fifteen percent (15%) of the amount of each construction pay estimate shall be withheld until all work is completed in accord with approved plans and specifications to the satisfaction of PSC and the design engineer.
5. The annual amount due the GSRP Account from the gas system on this loan may be made payable in monthly installments which shall reflect the following percentages of the total annual amount due: January - April 14.5% per month; May - June 7% per month; July - October 3.5% per month; and November - December 7% per month. Payment of principal and interest shall begin _____, 1999.
6. Personnel of the gas system shall receive training in accordance with PSC requirements and recommendations at the expense of the gas system.
7. Gas system shall place 3% of the annual gross revenue derived from operation of the gas system into an escrow account for emergency repairs until \$50,000 is accrued.
8. Gas system shall assist and cooperate with Department of Local Government staff in conducting semi-annual management audits of the gas system.

- 8a. The auditor shall determine compliance of the gas system with the conditions of this document.
 - 8b. Audit reports shall include a narrative and shall be submitted to the gas system, PSC, GSRP Account Review Board, and such others as may be deemed appropriate by the Department of Local Government.
 - 8c. The audit shall list and locate all extensions and service connections to the system constructed since the previous report.
 - 8d. Gas system shall take all necessary action to correct noncompliance with the conditions of this document, if any, before the next management audit is scheduled to be performed.
9. As security for the loan, the Commonwealth of Kentucky shall have a lien on all assets and future earnings of the gas system.
- 9a. In the event of substantial noncompliance by the gas system with any of the terms and conditions of this loan, the Commonwealth of Kentucky, Department of Local Government shall have the right to initiate foreclosure proceedings as provided by law upon thirty days' written notice to the gas system.
10. Gas system operator shall sign and adhere to the provisions set forth in the following forms (attached hereto):
- 10a. Form ED-524, "Certification of Compliance with the Clean Air Act and the Federal Water Pollution Control Act."
 - 10b. Form ED-501A, "Certification of Non Relocation."
 - 10c. Form ED-168, "Relocation and Land Acquisition Certificate."
 - 10d. Form ED-503, "Assurances of Compliance with the Department of Commerce and Economic Development Administration Regulations under Title VI of the Civil Rights Act of 1964 and the Public Law 92-65."
 - 10e. Form ED-612, "Current and Projected Job Opportunities."

11. Gas system shall not discriminate in employment, operation or contractual activities on the ground of race, color, national origin, sex, age or religion.
12. The gas system operator shall meet all requirements of the Davis-Bacon Act.
 - 12a. The gas system shall assure that prevailing wages as determined by the U.S. Department of Labor are paid to workers hired specifically to perform activities funded by this loan.
 - 12b. The gas system shall assure that these wages are paid onsite, and weekly.
 - 12c. The gas system shall assure that the wage scale be posted in the place of work.
13. Public liability insurance shall be maintained for the term of the loan by the gas system to conform with the limits of its current policy, or at the determination of the board; and the Commonwealth of Kentucky shall be named on said policy as an additional insured.
14. The operator shall adhere to any provision for any other terms and conditions as agreed to and attached by the board.

This document is executed on the _____ day of _____, 19____ as the true and voluntary act of _____ as authorized by its board of directors.

By Lois Weinberg, President
Title of Office

The GSRP Account Review Board has approved a loan to Martin Gas, Inc., for \$357,274.00 at 4% interest compounded annually for 15 years beginning _____, 1999.

Bob Arnold, Commissioner

_____, Vice-Chairman

_____, Secretary

PROMISSORY NOTE

Martin Gas, Inc., (the Debtor) for and in consideration of a loan in the amount of \$357,274.00, the receipt of which \$314,976.00 is hereby acknowledged, and in consideration of periodic progress payments of the remainder of this loan in the amount of \$42,298 as described in the Security Agreement and Mortgage executed with this note, does hereby promise to pay to the order of the Commonwealth of Kentucky, acting by and for the use and benefit of the Department of Local Government's Gas Systems Restoration Project Account, payable at the offices of the Department of Local Government, (the Secured Party), 1024 Capital Center Drive, Frankfort, Franklin County, Kentucky 40601, the principal amount of \$357,274.00, with interest to run thereon at the rate of 4 percent compounded annually from _____, 1999, to be paid in annual installment payments in the amount of \$32,133.62 for fifteen years, with the annual installment payments first applied to interest and the balance to principal, the first annual installment payment due and payable on the first day of _____, 1999 and the remaining annual installment payments being due and payable on the first day of each month thereafter for fourteen years, the final payment of interest and principal due and payable on the first day of _____, 2014. The Debtor shall make twelve monthly installment payments yearly for purposes of accumulating sufficient funds to meet and be applied to the annual installment payments of interest and principal as hereinbefore stated, said monthly installment payments to be made as follows: First, second, third and fourth monthly installment payments in the amount of _____ due and payable respectively on the 10th day of January, February, March and April, 2000, and the remaining January, February, February, March and April installment payments of

_____ for each subsequent year during the life of the loan being due and payable respectively on the 10th day of January, February, March and April thereafter for fourteen years; fifth and sixth monthly installment payments in the amount of _____ due and payable respectively on the 10th of May and June, 1999, and the remaining May and June installment payments of _____ for each subsequent year during the life of the loan being due and payable respectively on the 10th day of May and June thereafter for fourteen years; seventh, eighth, ninth and tenth monthly installment payments in the amount of _____ due and payable respectively on the 10th day of July, August, September and October 1999 and the remaining July, August, September and October installment payments of _____ for each subsequent year during the life of the loan being due and payable respectively on the 10th day of July, August, September and October thereafter for fourteen years; eleventh and twelfth monthly installment payments in the amount of _____ due and payable respectively on the 10th day of November and December 1999, and the remaining November and December installment payments of _____ for each subsequent year during the life of the loan, being due and payable respectively on the 10th of November and December thereafter for fourteen years with the final monthly installment payment due and payable on the tenth day of December 2014. The twelve monthly installment payments, accumulating \$32,133.62 in each of the thirty years, shall be applied by the Secured Party to the Debtor's annual payment of interest and principal on the first day of each month for each year during the life of the loan.

This note is the note referred to and secured by a Security Agreement and Mortgage of even date herewith on real and personal property comprising all the assets of Martin Gas, Inc. as described in said mortgage of record in the office of the clerk of the county court of Floyd County, Kentucky, and the terms of said mortgage are

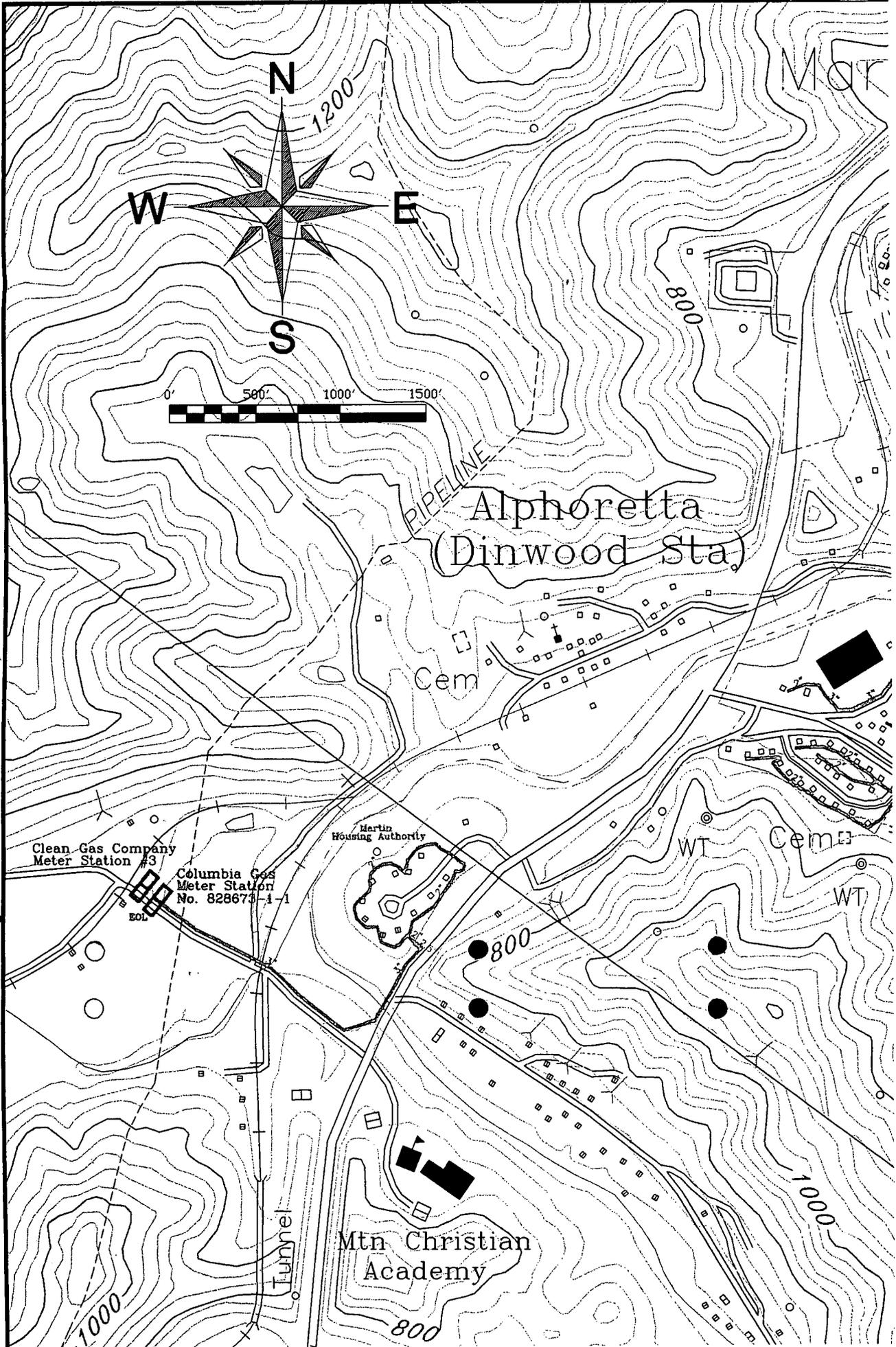
hereby made part hereof and included herein by reference as if set out in full, the same being adopted, ratified and confirmed as if set out anew herein.

If Martin Gas, Inc. shall fail to pay any installment when first due and payable, or breach any of the terms and conditions of this not and/or the Security Agreement and Mortgage securing the repayment of the same, all of said terms and conditions being considered material to this transaction the breach of which shall constitute default, the holder or holders of this note may declare all the remaining installments fully due and payable at once without notice or demand, the same as if said remaining installments were then fully due and payable, the time for payment having been accelerated at the option of the holder or holders of this note by reason of said default, and the holder or holders of this note may proceed to enforce their rights under the terms and conditions of this note and the Security Agreement and Mortgage which secures the repayment of the same by initiating foreclosure proceedings as provided by said terms or as provided by law, at the option of the aforesaid holder or holders.

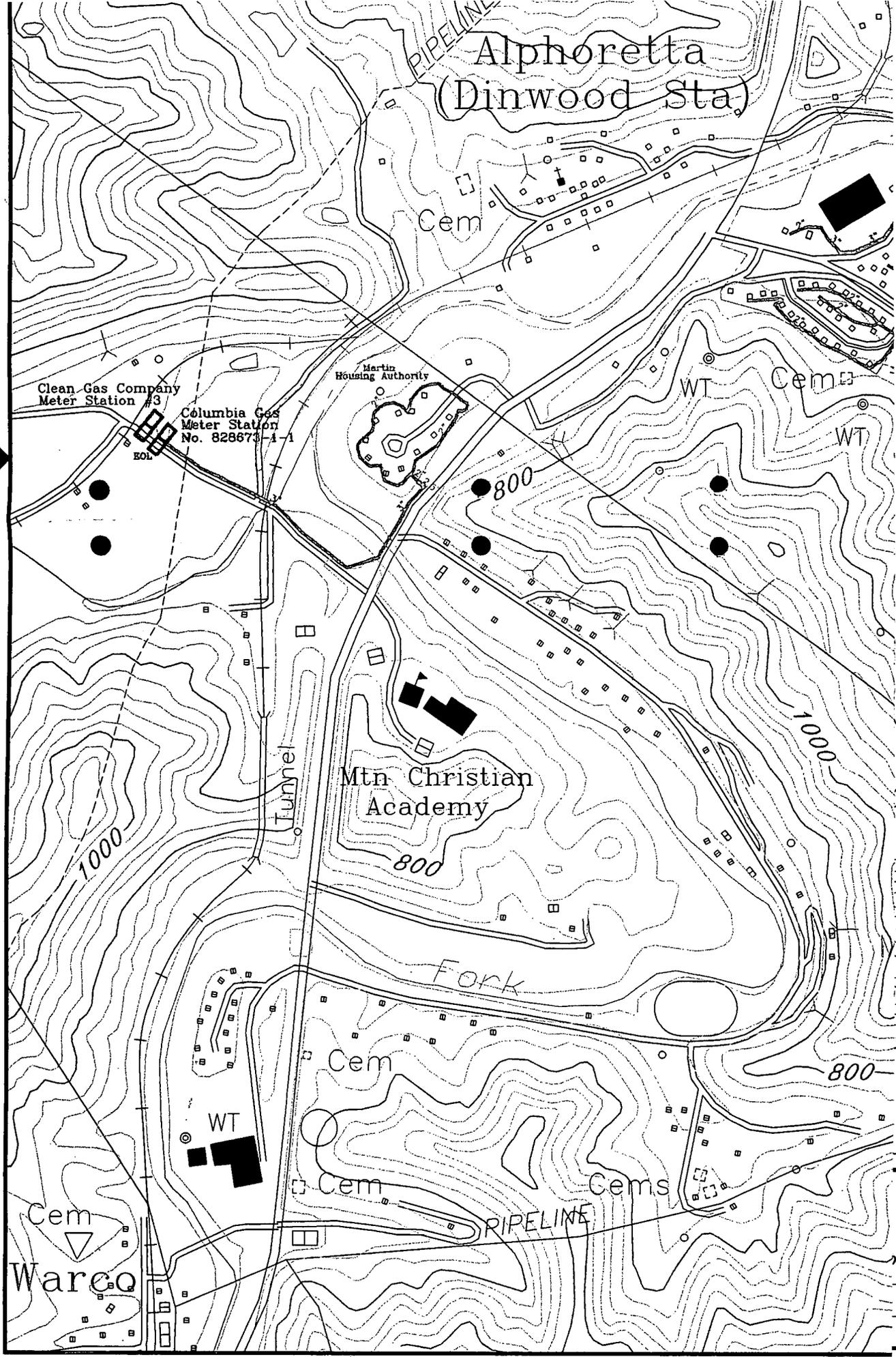
Failure of the holder or holders of this note to exercise any right or remedy, including but not limited by reason of enumeration, the acceptance of partial or delinquent payments, shall not constitute as waiver of any obligation of Martin Gas, Inc., or a waiver of the right or rights of the holder or holders of this note or constitute a waiver of any other similar breach of default subsequently occurring.

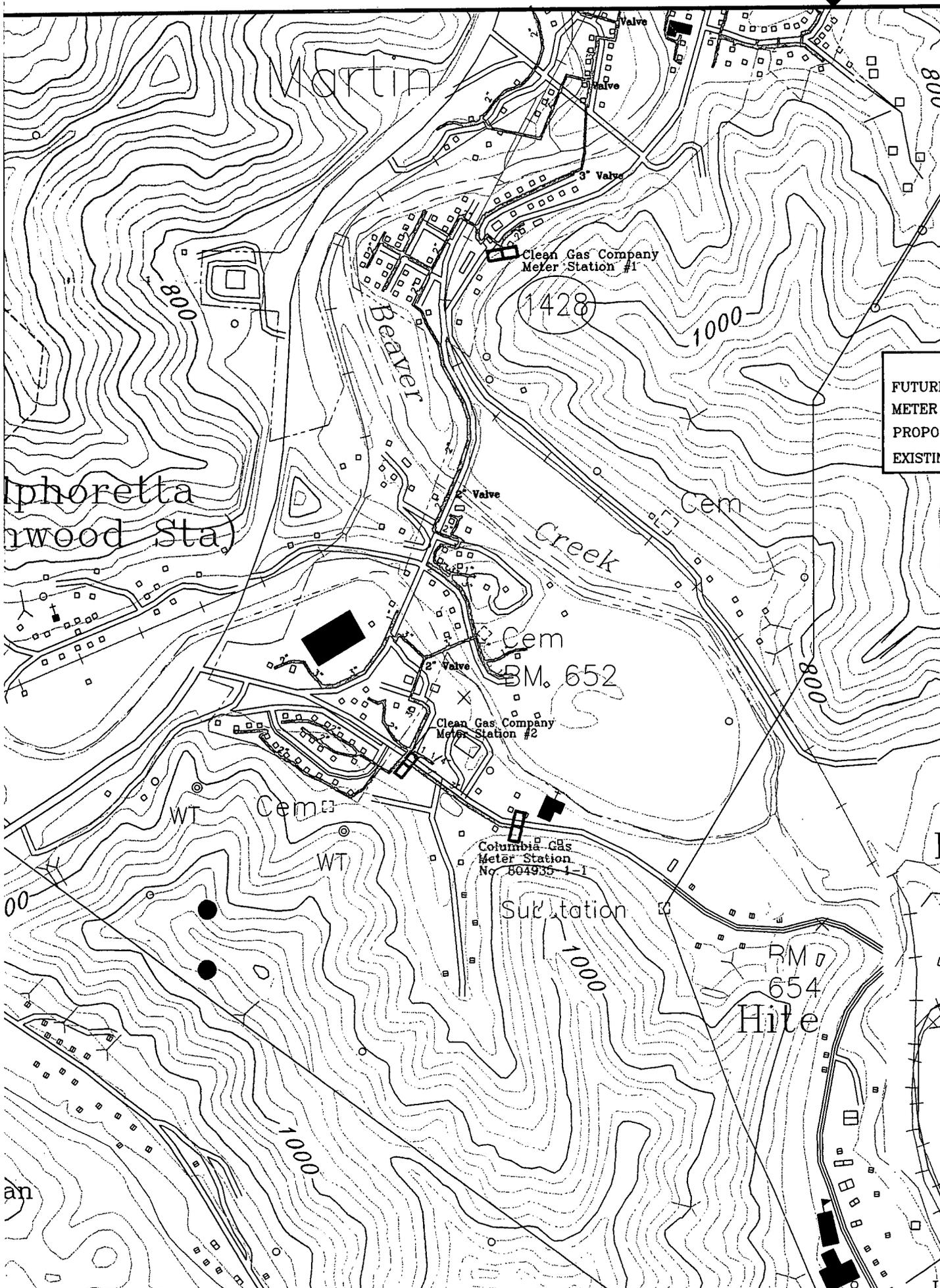
The undersigned, drawers and endorsers, severally waive protest, demand and notice of protest, dishonor or non-payment.

It is understood and agreed that the schedule payments set out herein shall begin sixty days (60) from the date of the final order issued by Public Service Commission on application by Martin Gas, Inc. for approval of indebtedness relative to the loan described herein. It is further understood that this loan can be paid off at any time by the Debtor without penalty.



Alphoretta (Dinwood Sta)





FUTURE
METER
PROPOS
EXISTIN

Martin

Phoretta
(wood Sta)

Beaver
Creek

1428

BM. 652

Columbia Gas
Meter Station
No. 804935-1-1

Substation

BM 654

Hite

an

Phoretta
rwood Sta)

Creek

Cem

Cem

BM. 652

Clean Gas Company
Meter Station #2

Cema

WT

WT

Columbia Gas
Meter Station
No. 804935-1-1

Substation

BM 654

Hite

800

1000

1000

1200

tan

Mine

Cema

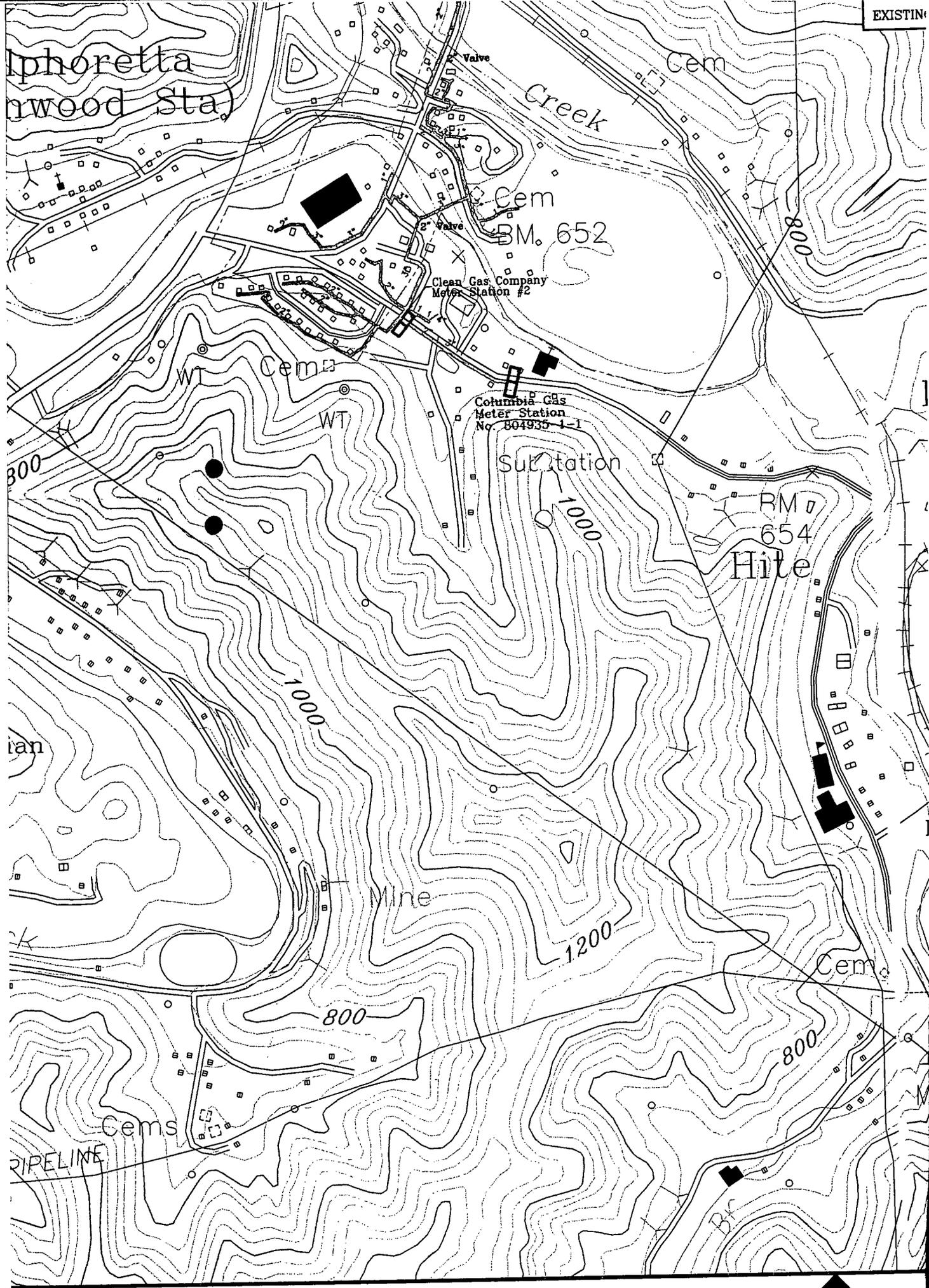
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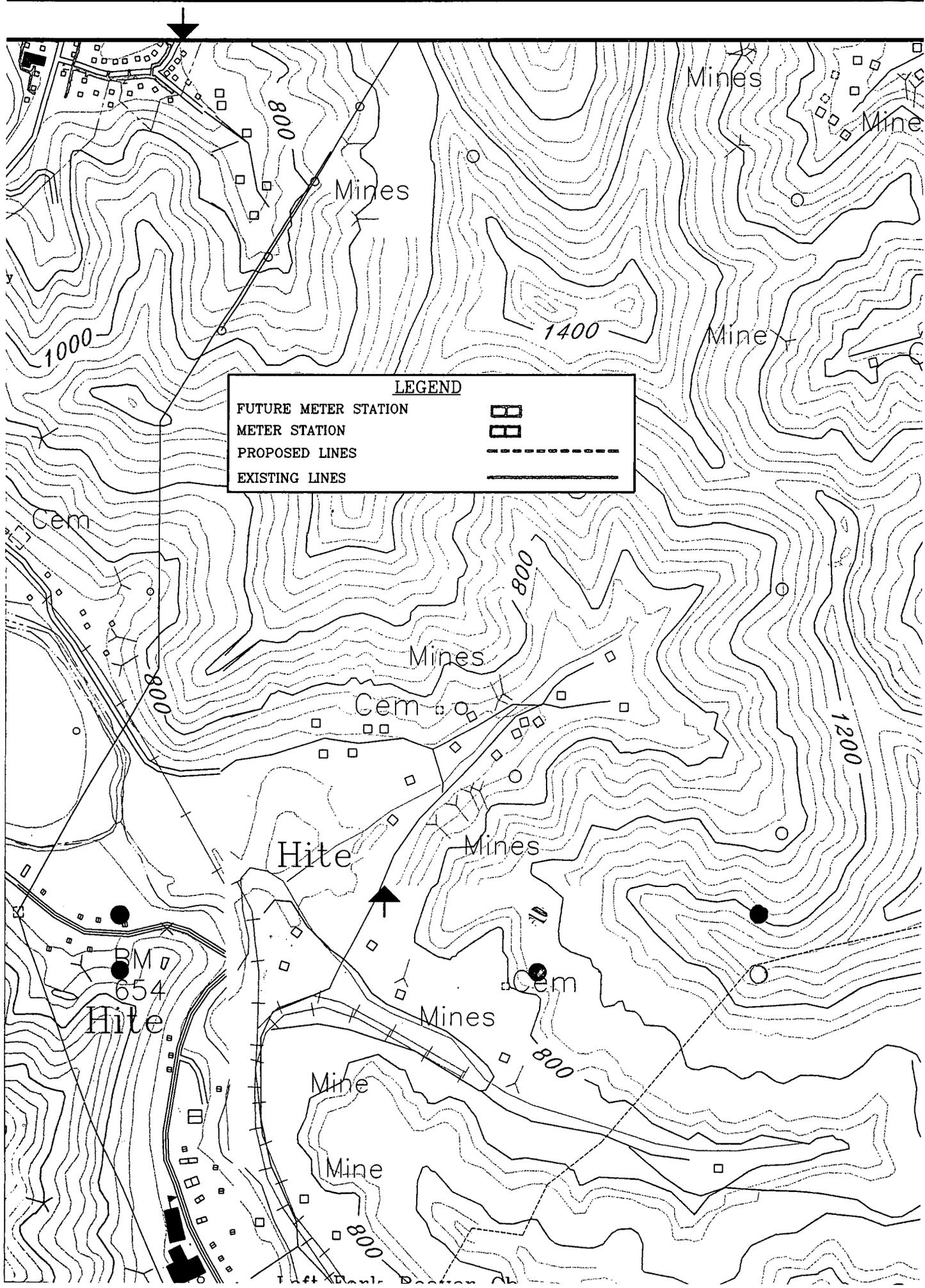
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800

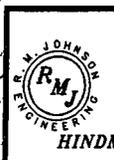
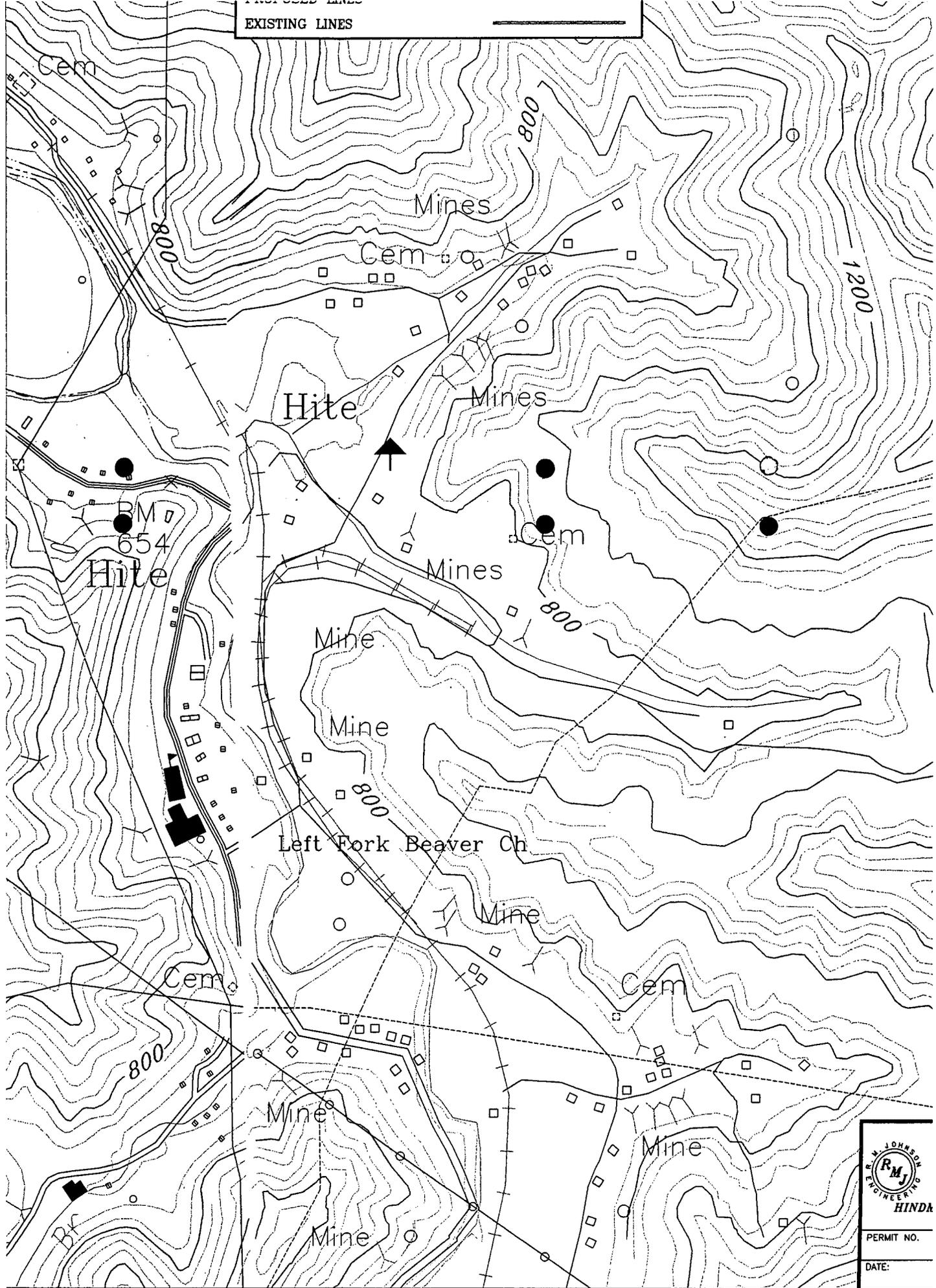
Cems

PIPELINE

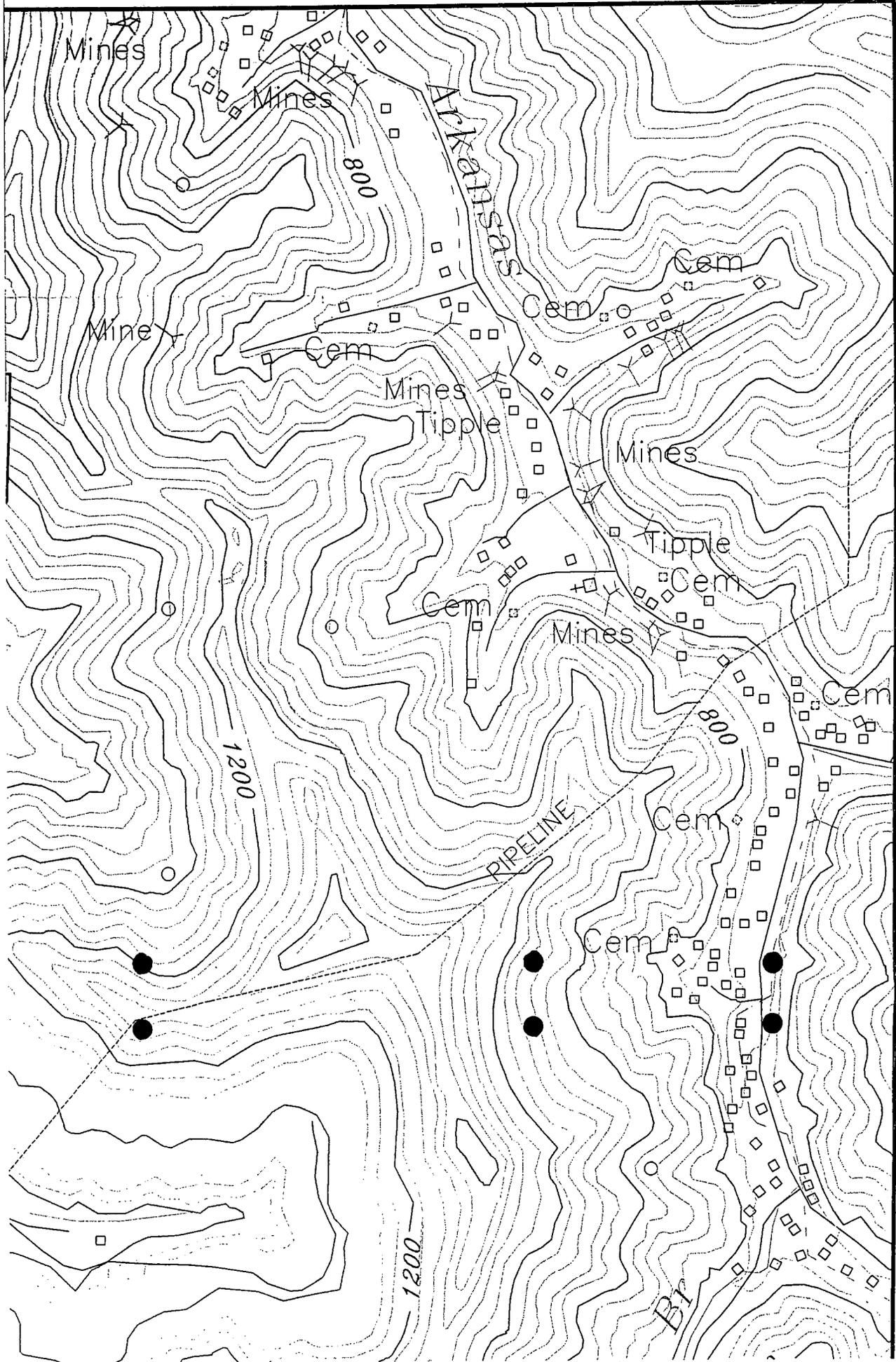


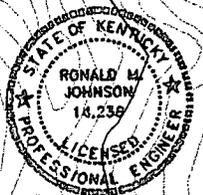
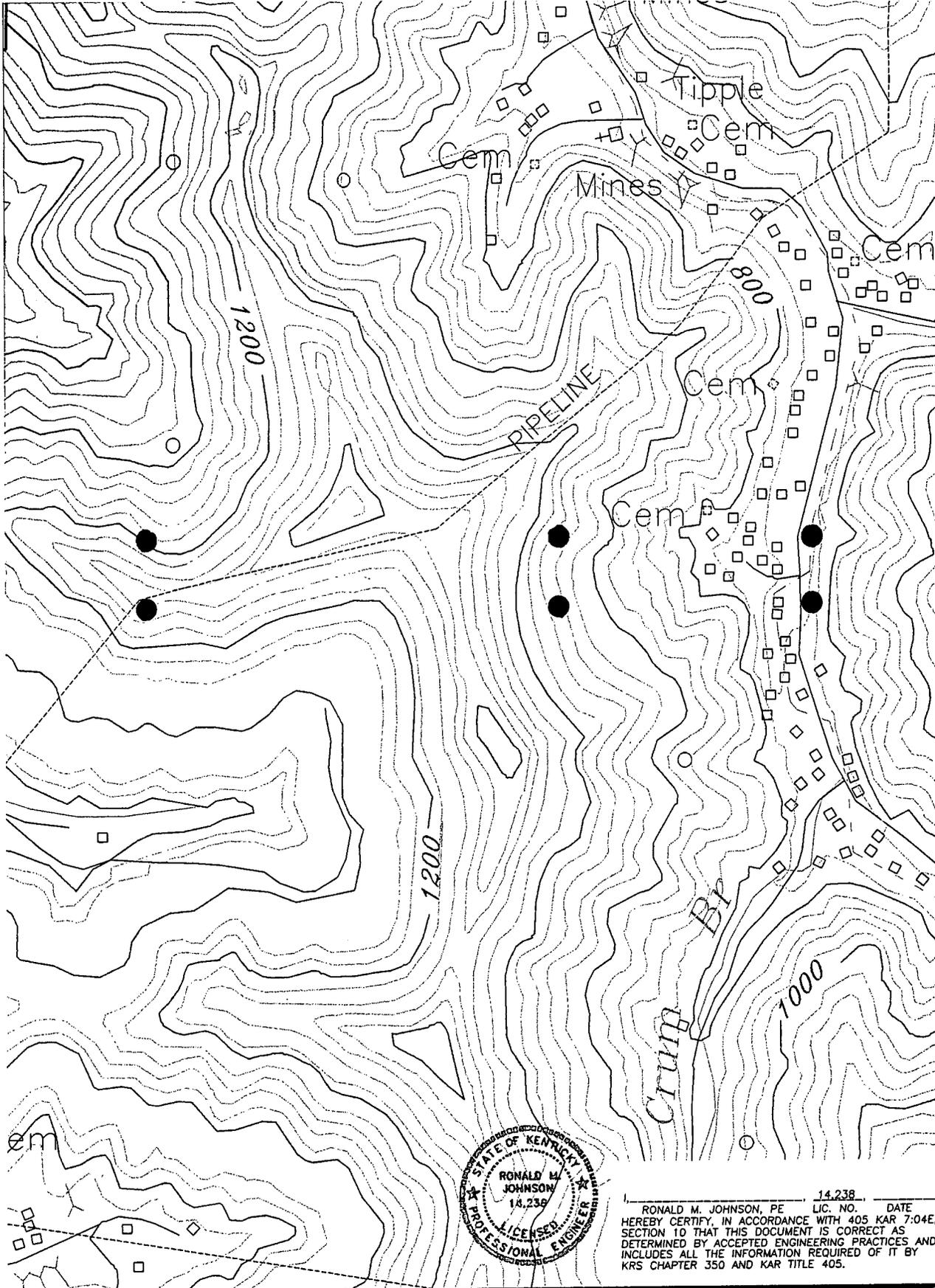


PROPOSED LINES
EXISTING LINES



PERMIT NO.
DATE:





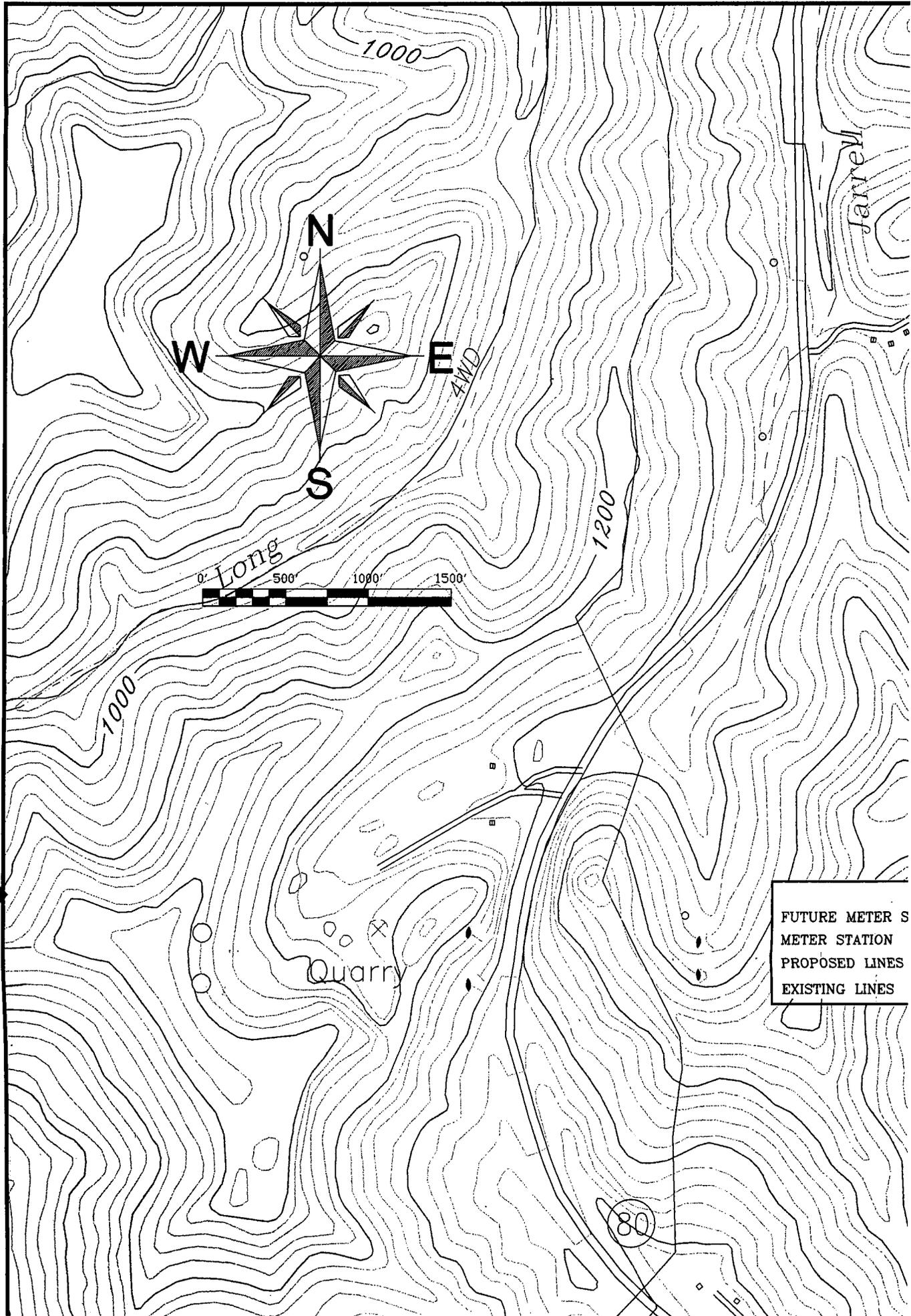
RONALD M. JOHNSON, PE LIC. NO. 14,238 DATE
 HEREBY CERTIFY, IN ACCORDANCE WITH 405 KAR 7:04E,
 SECTION 10 THAT THIS DOCUMENT IS CORRECT AS
 DETERMINED BY ACCEPTED ENGINEERING PRACTICES AND
 INCLUDES ALL THE INFORMATION REQUIRED OF IT BY
 KRS CHAPTER 350 AND KAR TITLE 405.

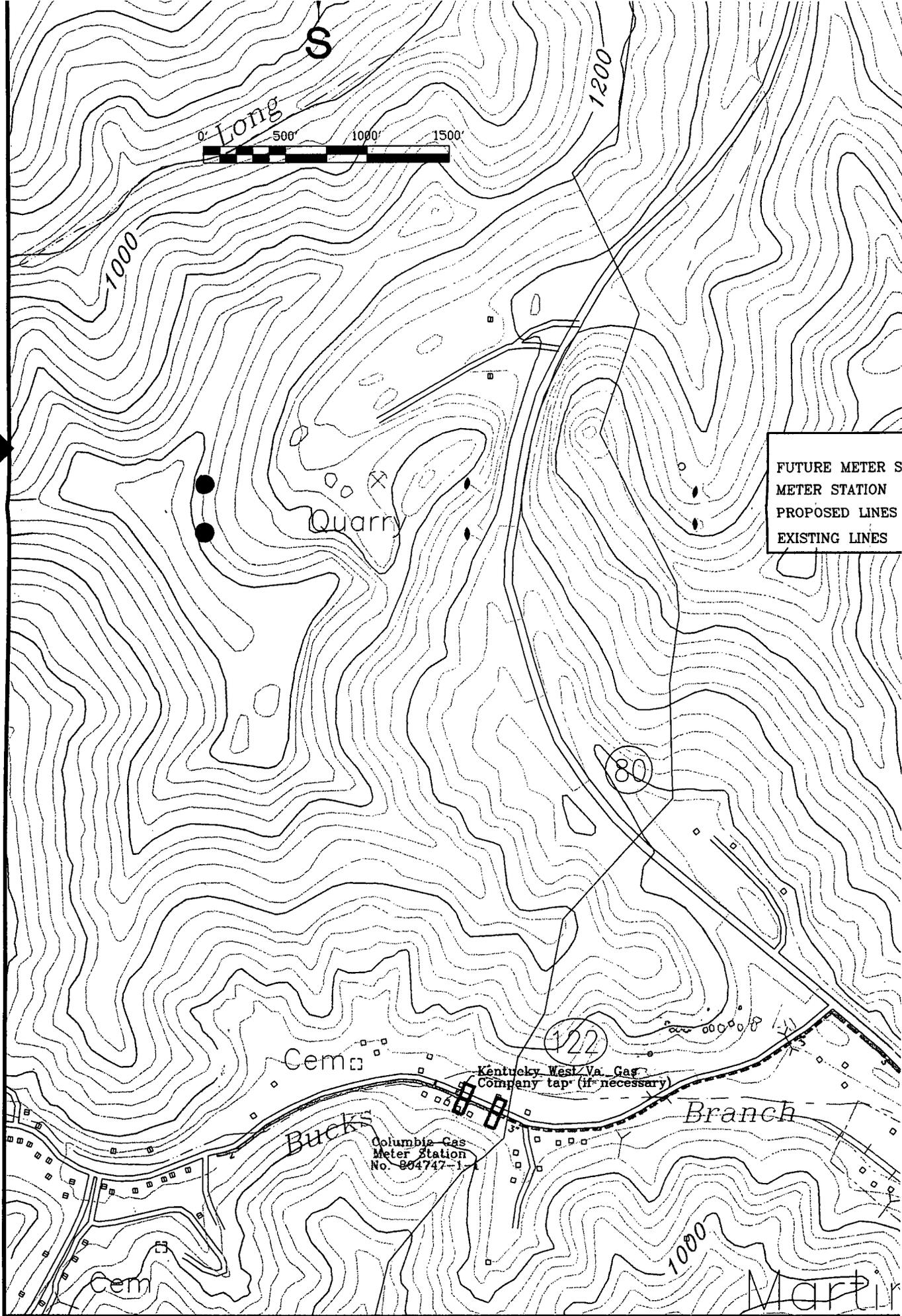
R.M. JOHNSON ENGINEERING
 P.O. BOX 444
 HINDMAN, KY 41822

MARTIN GAS, INC.
 P.O. BOX 783, HINDMAN, KY 41822

EXHIBIT B - METER LOCATION AND DISTRIBUTION SYSTEM MAP

PERMIT NO. ???-????	DRAWN BY: T.F.H.	REVISED BY: T.F.H.	CHECKED BY: R.M.J.	DWG NO. METER-LOCATION-MAP
DATE: 11/11/98	SCALE: AS SHOWN	REVISED: 05/21/99	SHEET: Sheet 1 of 2	





0: Long
500' 1000' 1500'

FUTURE METER S
METER STATION
PROPOSED LINES
EXISTING LINES

Quarry

Cem

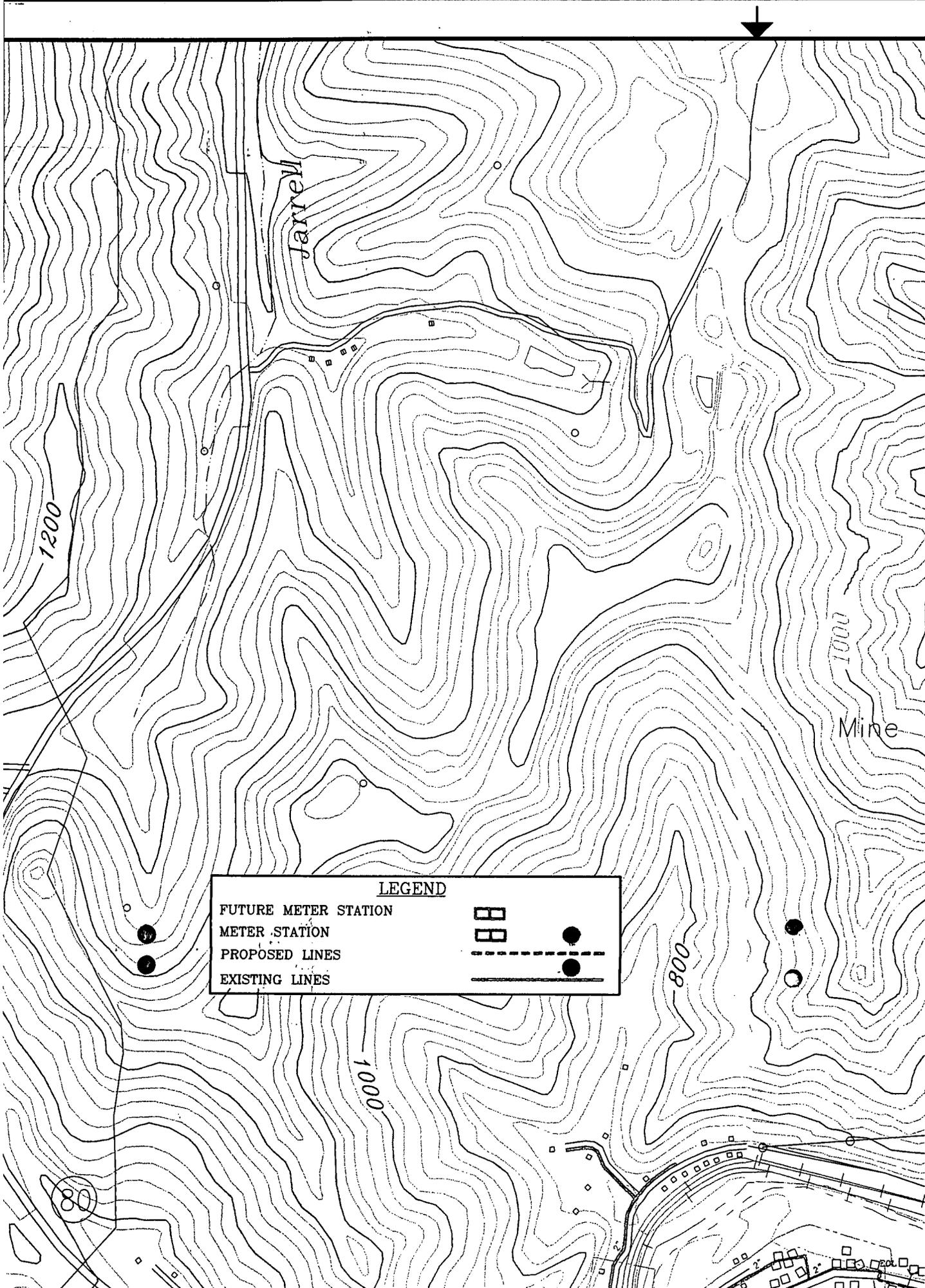
Columbia Gas
Meter Station
No. 804747-1-1

Kentucky West Va. Gas
Company tap (if necessary)

Branch

Cem

Martin



Jarrett

1200

1000

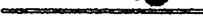
Mine

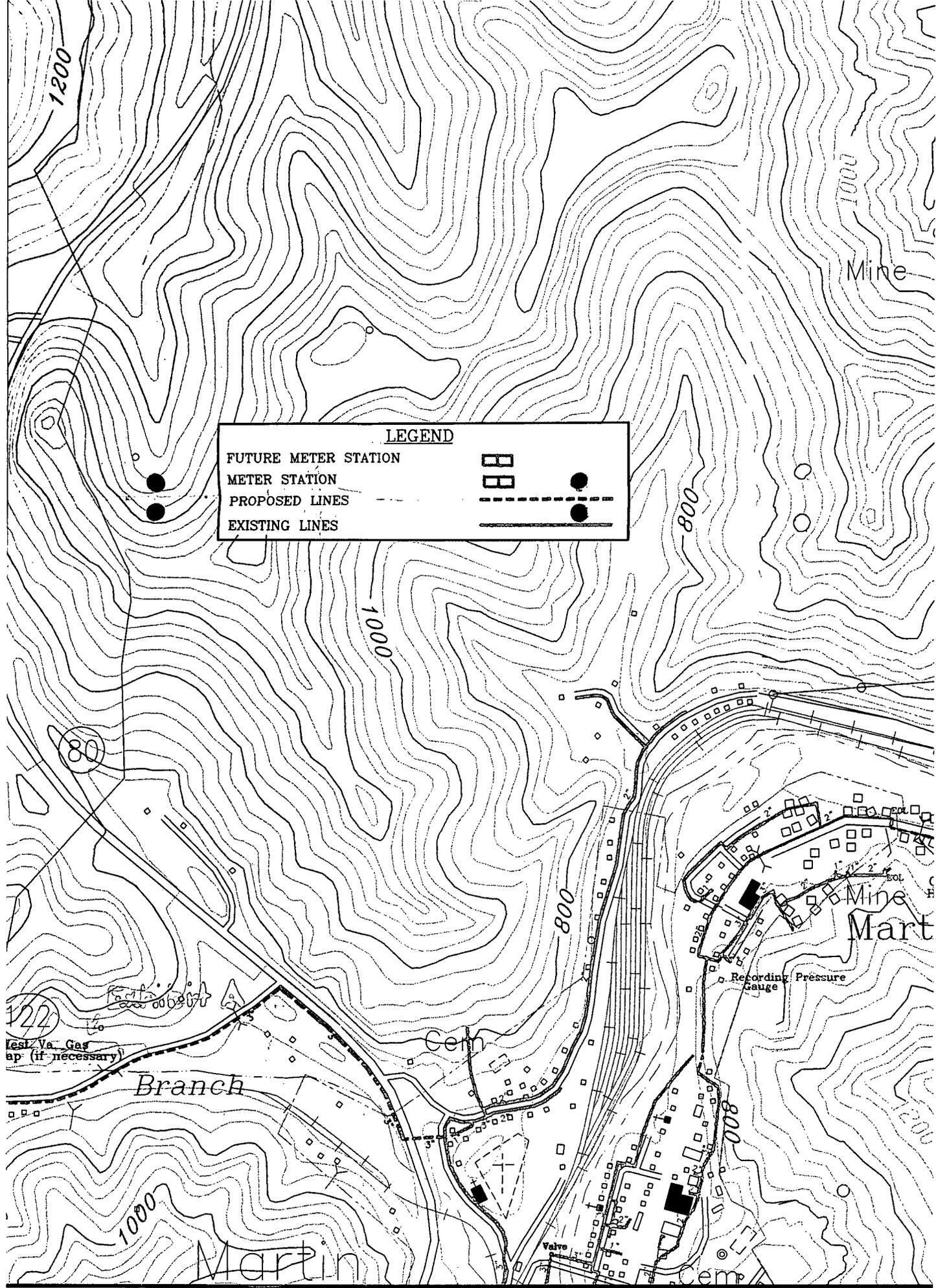
800

1000

80

LEGEND

FUTURE METER STATION	
METER STATION	
PROPOSED LINES	
EXISTING LINES	



LEGEND

FUTURE METER STATION	●
METER STATION	■
PROPOSED LINES	- - - - -
EXISTING LINES	—————

122
West Va. Gas
Map (if necessary)

Branch

Martin

Cem

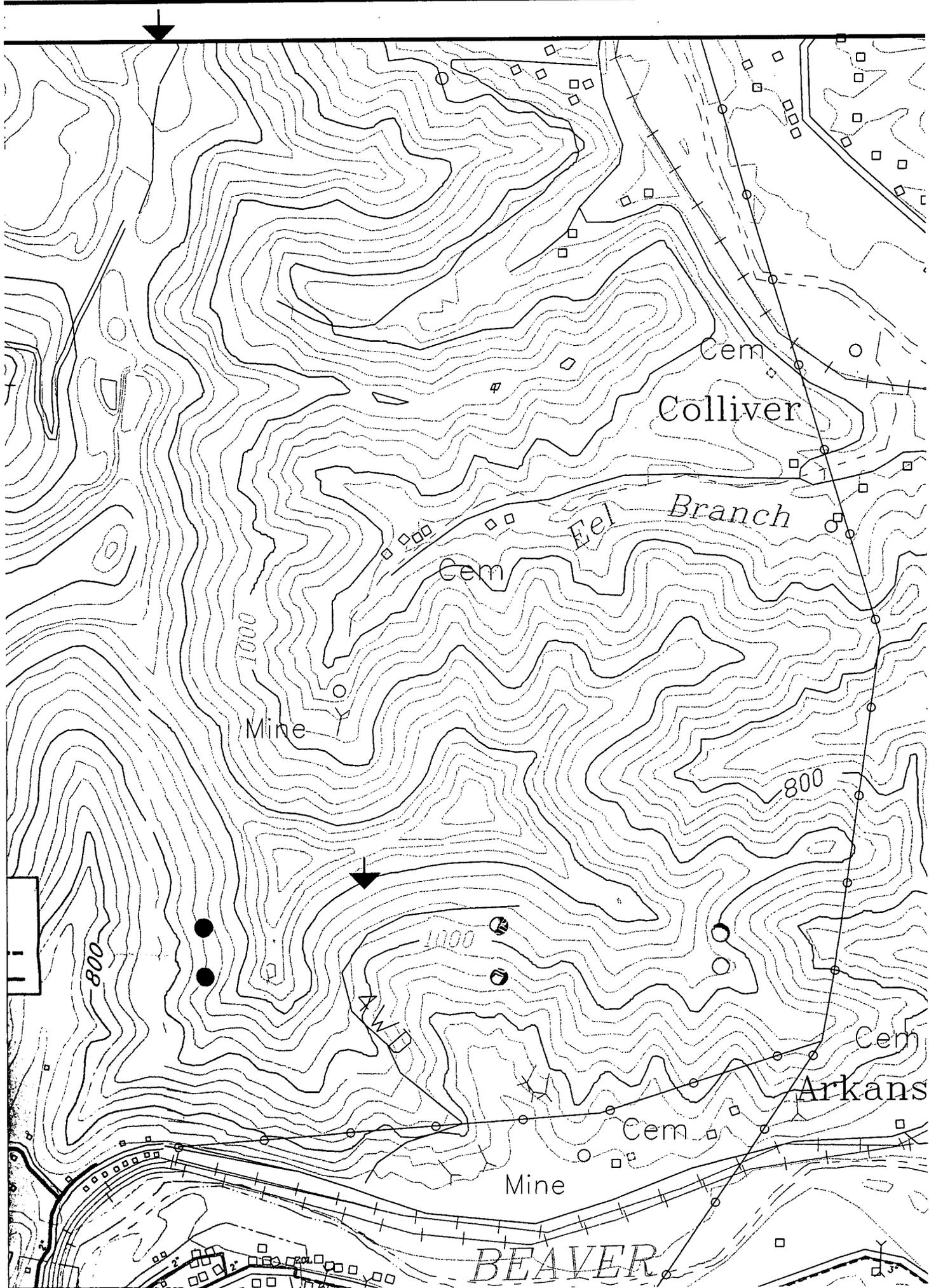
Mine Mart

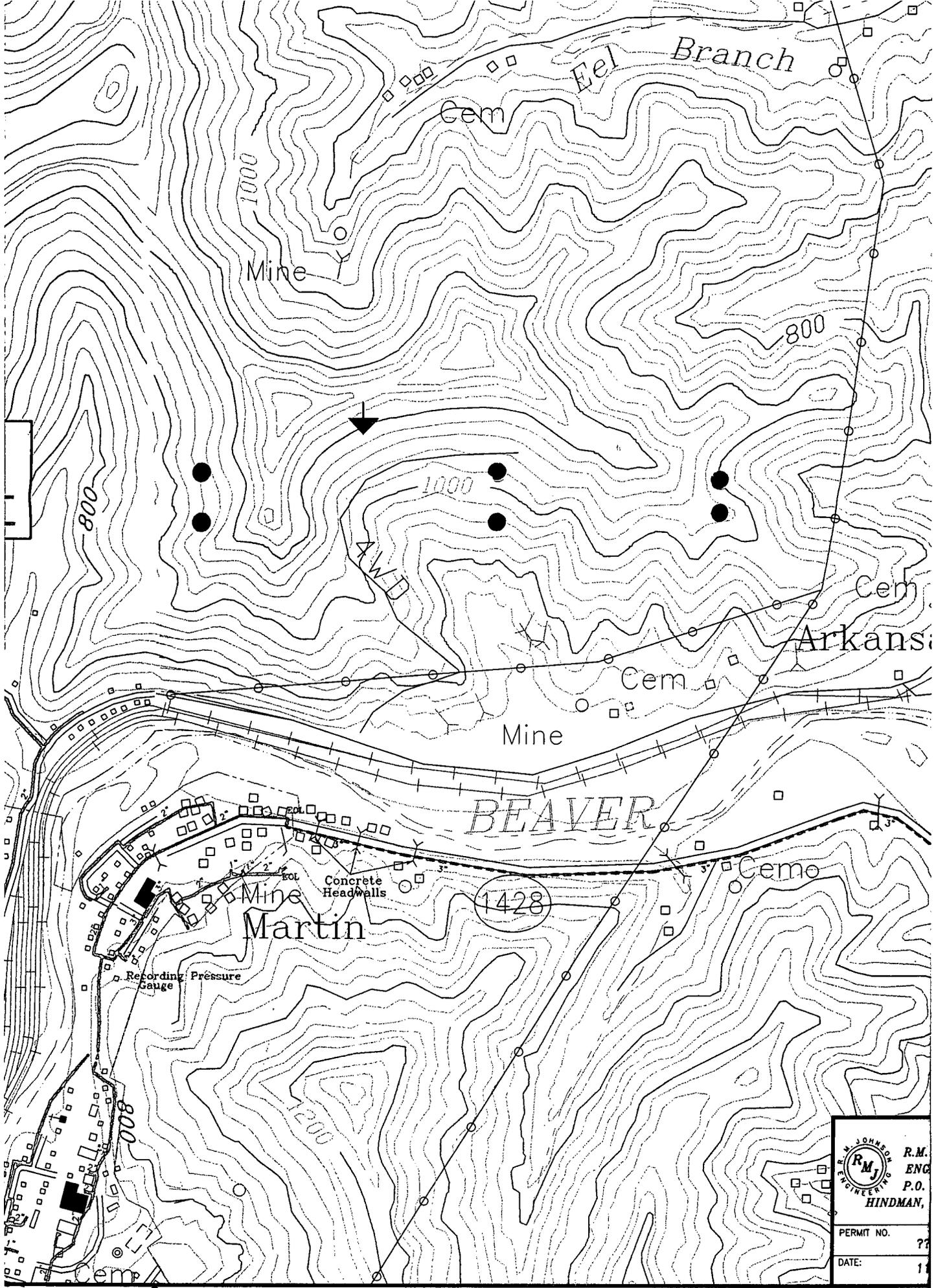
Recording Pressure Gauge

Valve

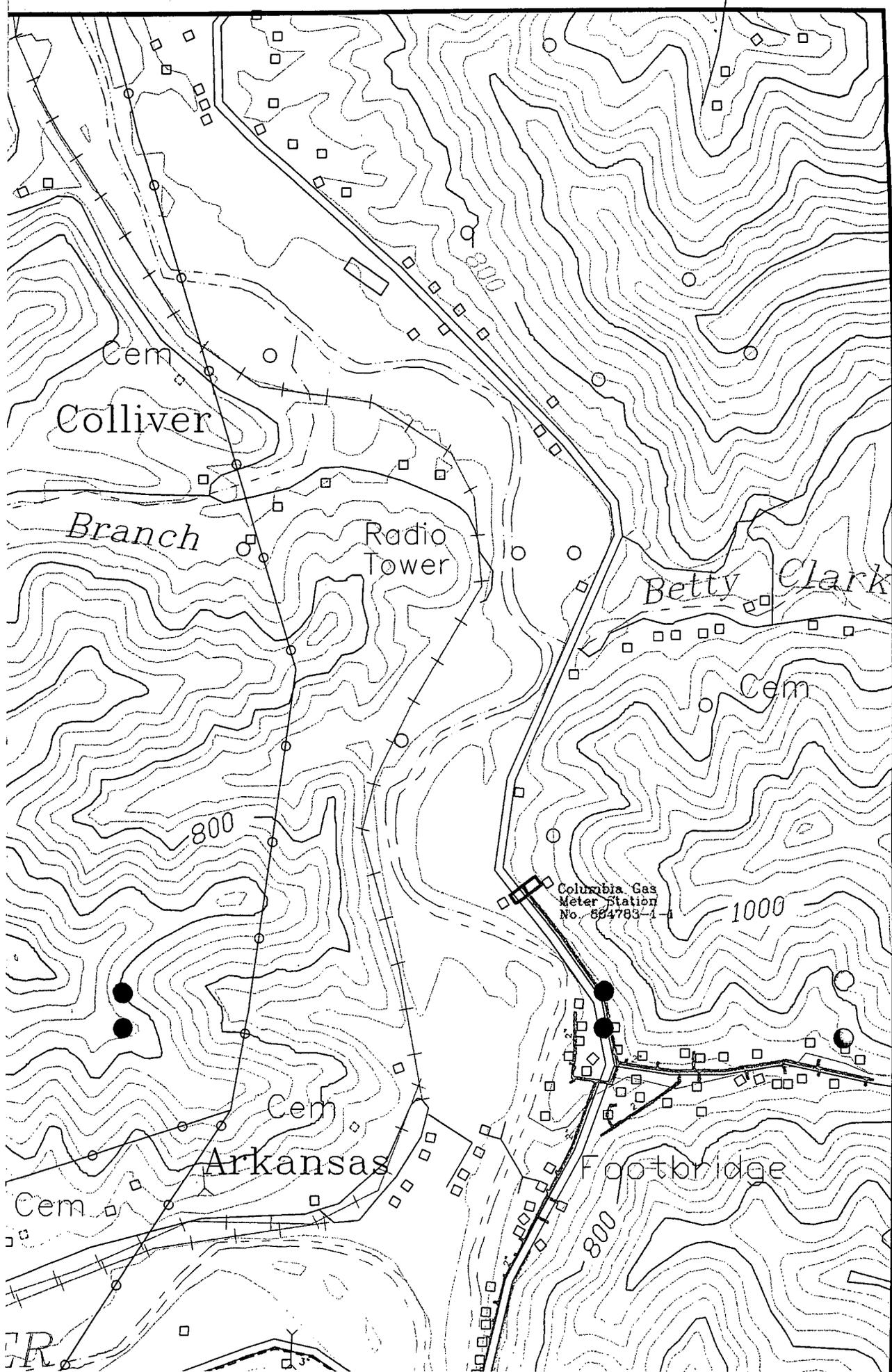
Cem







	R.M. ENG P.O. HINDMAN,
	PERMIT NO. ??
DATE: 11	



Cem
Colliver

Branch

Radio
Tower

Betty Clark

Cem

800

Columbia Gas
Meter Station
No. 864783-1-1

1000

Cem

Arkansas

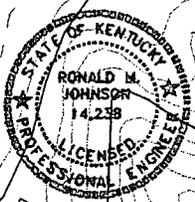
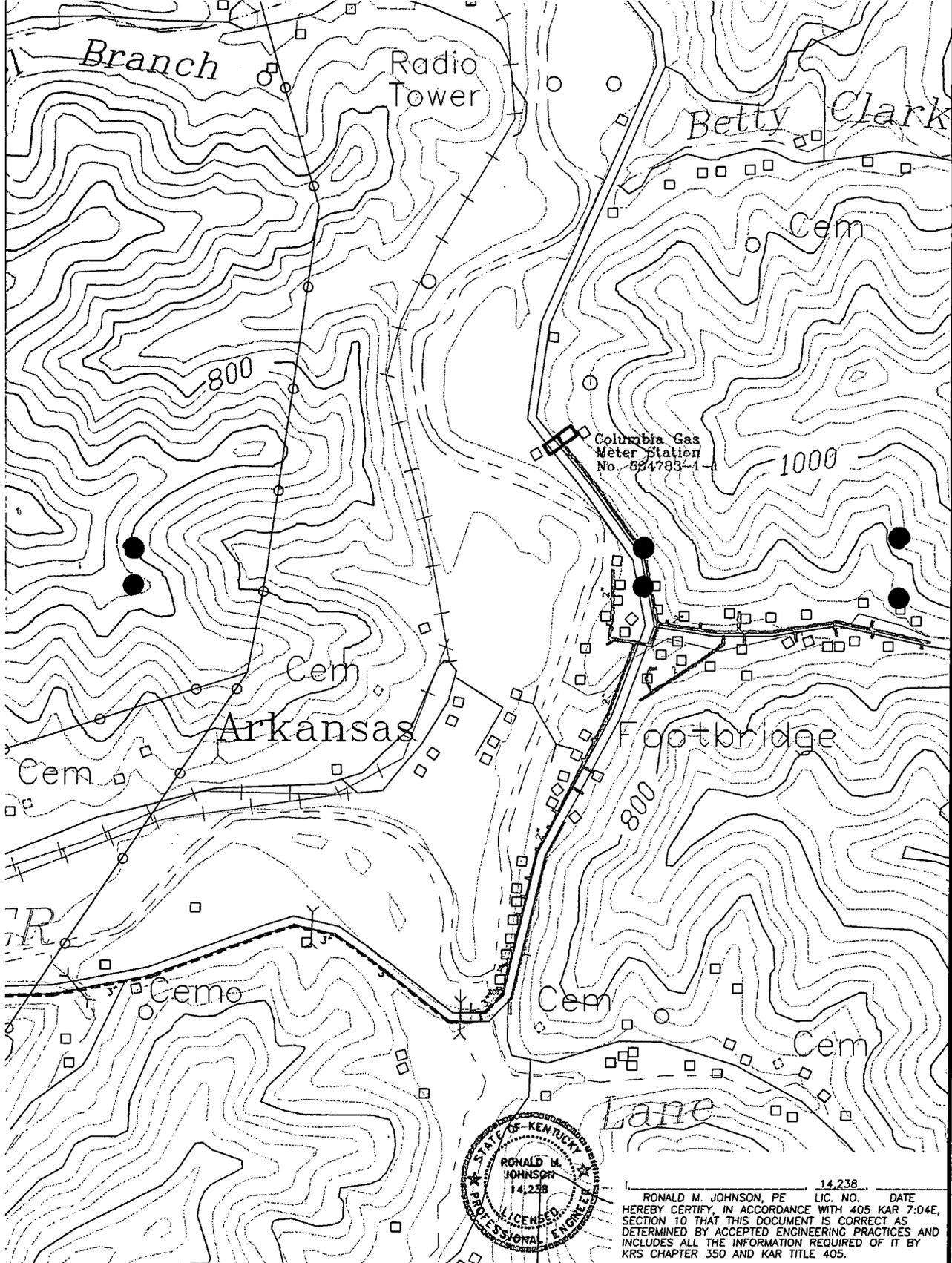
Footbridge

Cem

800

RR





RONALD M. JOHNSON, PE LIC. NO. 14,238 DATE
 HEREBY CERTIFY, IN ACCORDANCE WITH 405 KAR 7:04E,
 SECTION 10 THAT THIS DOCUMENT IS CORRECT AS
 DETERMINED BY ACCEPTED ENGINEERING PRACTICES AND
 INCLUDES ALL THE INFORMATION REQUIRED OF IT BY
 KRS CHAPTER 350 AND KAR TITLE 405.

 R.M. JOHNSON ENGINEERING P.O. BOX 444 HINDMAN, KY 41822	MARTIN GAS, INC. P.O. BOX 783, HINDMAN, KY 41822				
	EXHIBIT A+B - METER LOCATION AND DISTRIBUTION SYSTEM MAP				
PERMIT NO.	??-????	DRAWN BY:	REVISED BY:	CHECKED BY:	DWG NO.
DATE:	11/11/98	TF.H.	TF.H.	RMJ.	METER-LOCATION-MAP
SCALE: AS SHOWN		REVISED:	05/21/99	SHEET: Sheet 2 of 2	

Provide a complete set of engineering plans for all construction work (to be used as legal description); specifying size, location and depth of piping; and the schedule to be used for construction. An additional set of plans should be submitted for approval to the Public Service Commission (PSC) or Office of Pipeline Safety as appropriate.

See attached.

List and describe any land, easements or other property rights to be acquired in connection with the project.

No acquisition of property is anticipated. Right of ways have been or will be obtained from state, county or city governments as required.

Proposed Use of Funds

Itemize the costs for construction and financial rehabilitation of the gas system, based upon specific plans as described in Section II above.

Construction

Materials (attach itemized list as exhibit) See attached	\$ 11,000
Labor	7144
Land	0
Right-of-Way	0
Legal	0
Engineering	12,380
Other (Road Bores - 2 on Rt. 1428; 1 under Cracker Bottom Road; Under Rt 80)	24,800
Other(Bonding fee and revegetation)	1,600
Other(Equipment)	9,880
Total Cost of Construction	\$ <u>66,804</u>

In - Kind Contribution to Construction

10. Materials (attach itemized list as exhibit)	\$ 0
11. Labor	3,800
12. Equipment	5,880
13. Land	0
13a. Other(Road Bores)	14,826
14. Total Value of In-Kind Contribution	<u>\$ 24,506</u>
15. Net Funding Needed for Construction (total cost less in-kind contribution)*	<u>\$ 42,298</u>

*This figure is based on payments under the old loan through February, 1999.

Financial Rehabilitation

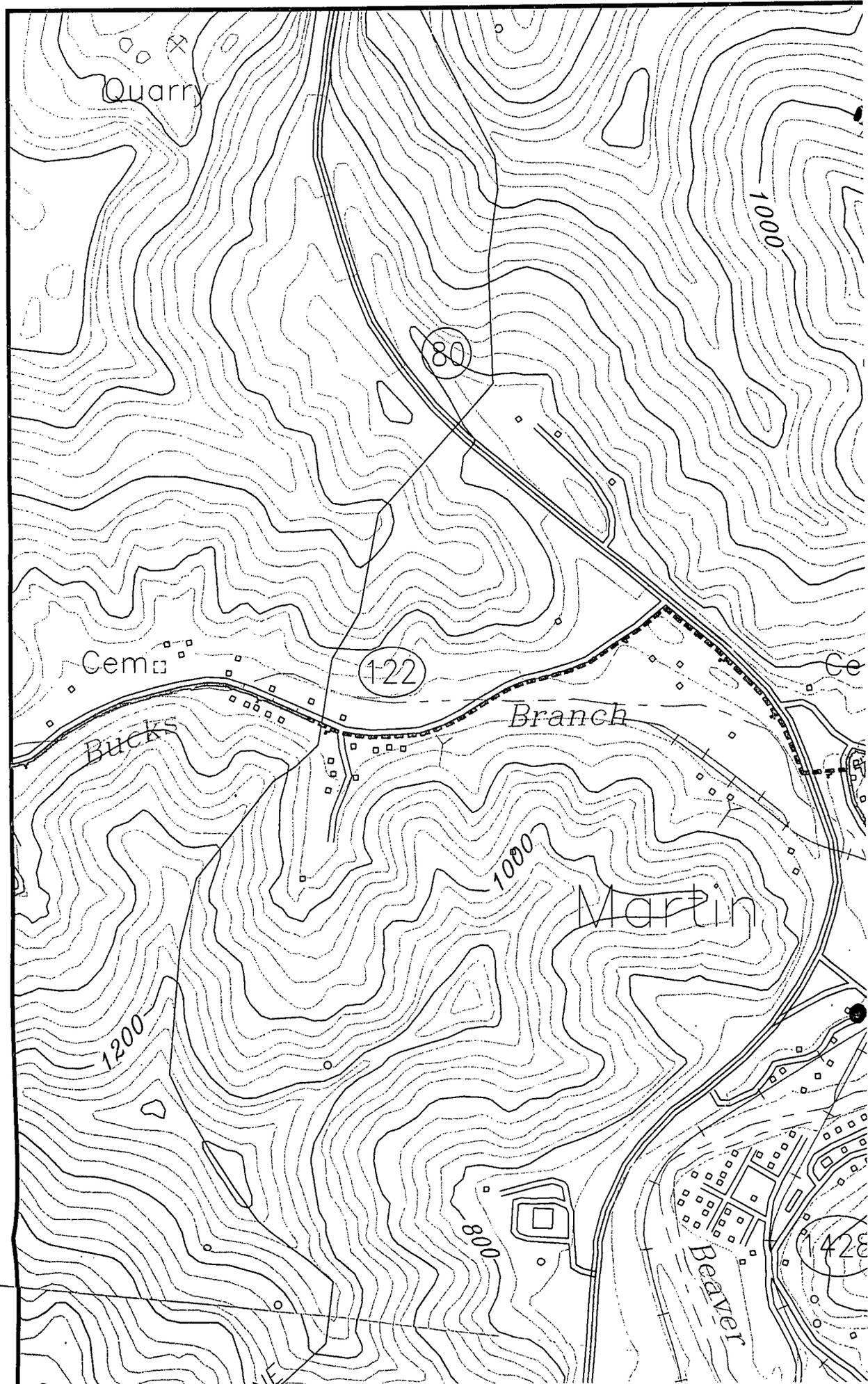
List all outstanding debts to be covered by loan. Attach documentation as exhibits.

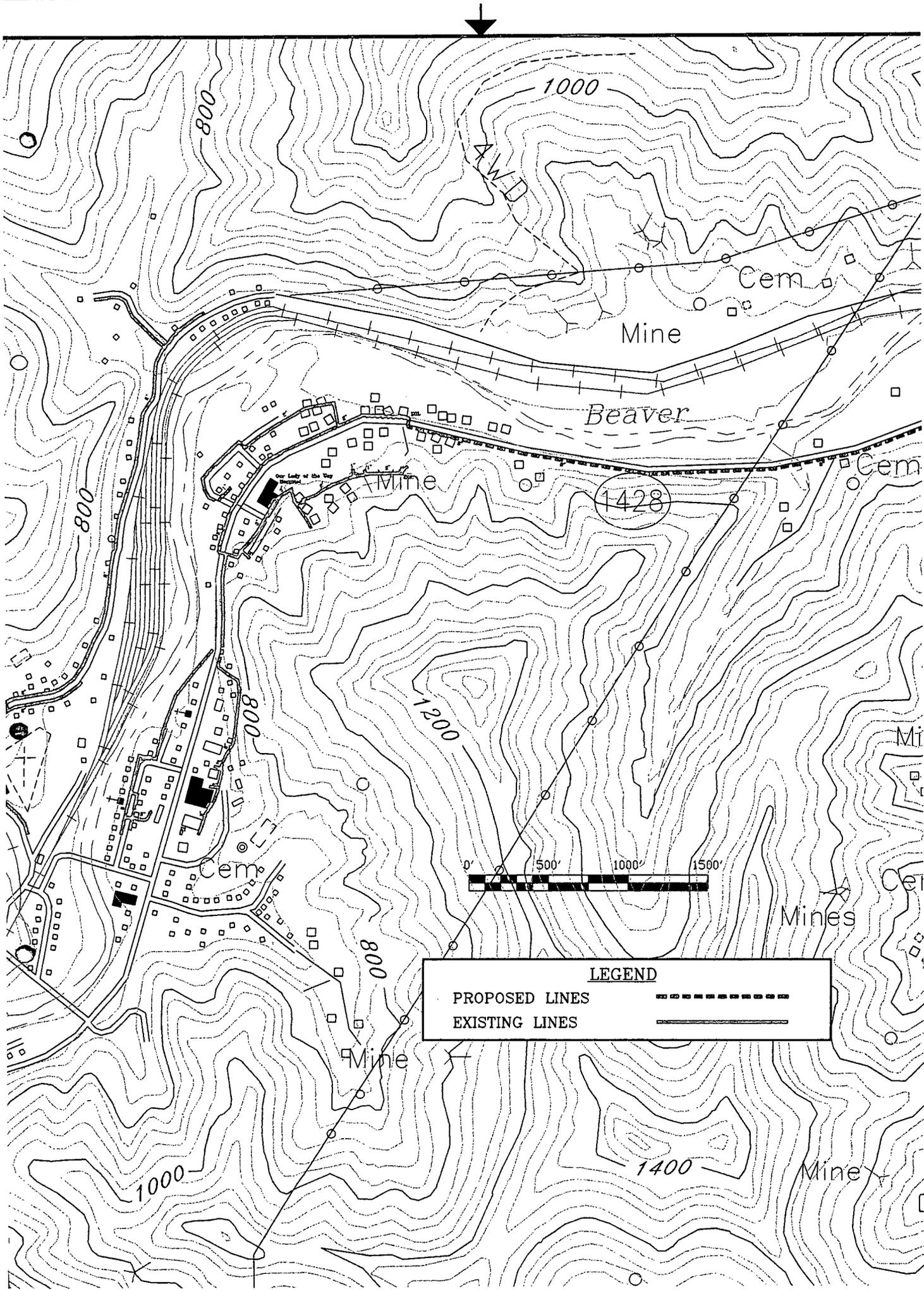
16. Department of Local Government - Current Gas System Restoration Loan 11 Refinancing this loan in the amount of (Amount owed on loan as of Feb., 1999)	\$ <u>314,976</u>
17.	
18.	
19.	
20.	
21. Total Needed for Financial Rehabilitation	\$ <u>314,976</u>
22. Total Funding Needed for Construction and Financial Rehabilitation	\$ <u>357,274</u>

Itemized List of Materials

9438 feet of 3" plastic pipe at \$.90 per foot.....	\$8494.20
80 feet of casing for creek crossing at \$4.40 per foot.....	352.00
310 feet casing - road bores at \$4.40 per foot	1364.00
Two 3" valves at \$190.00 each.....	380.00
Miscellaneous.....	409.80
Total Amount.....	\$11,000.00

WEST

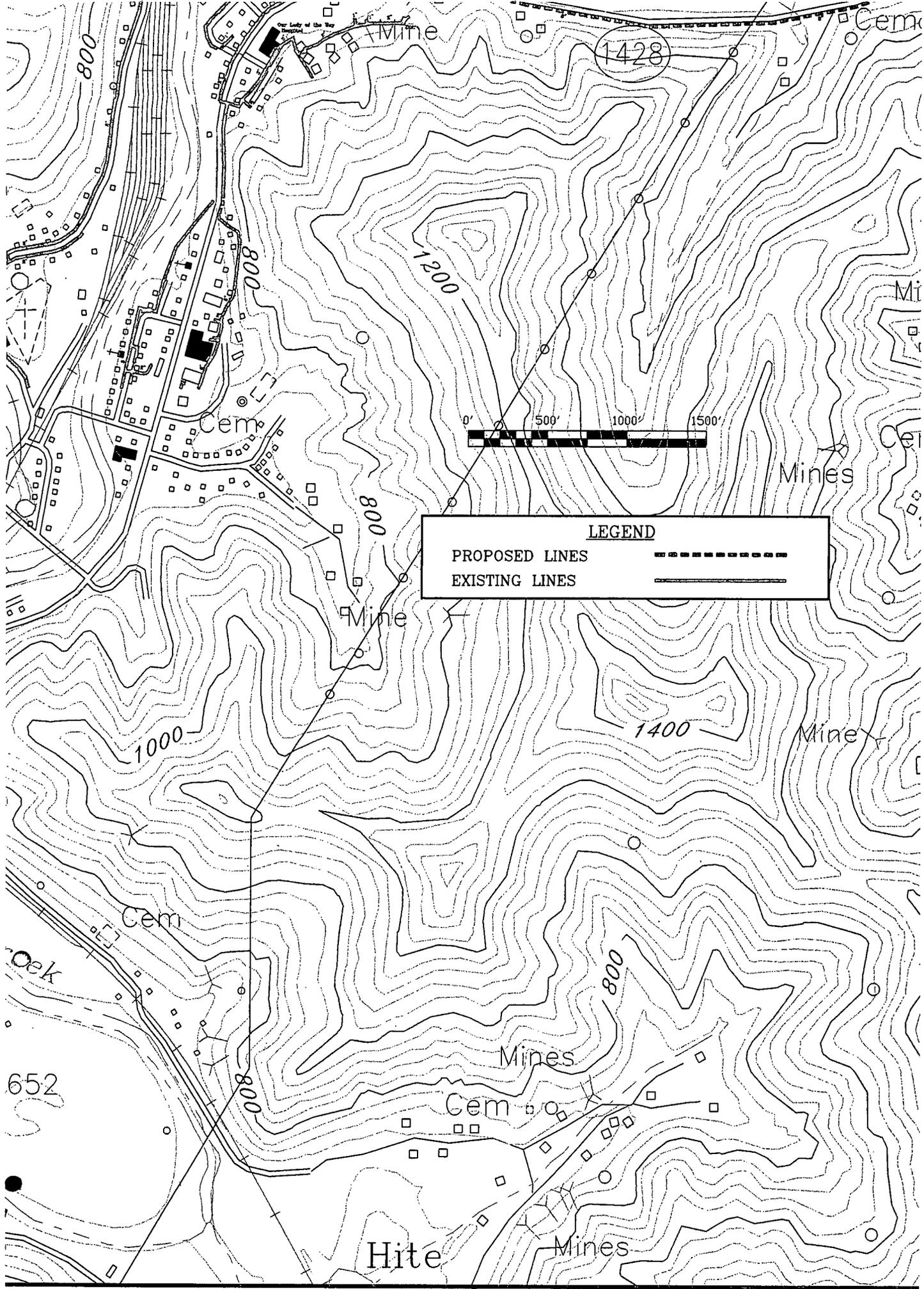




LEGEND

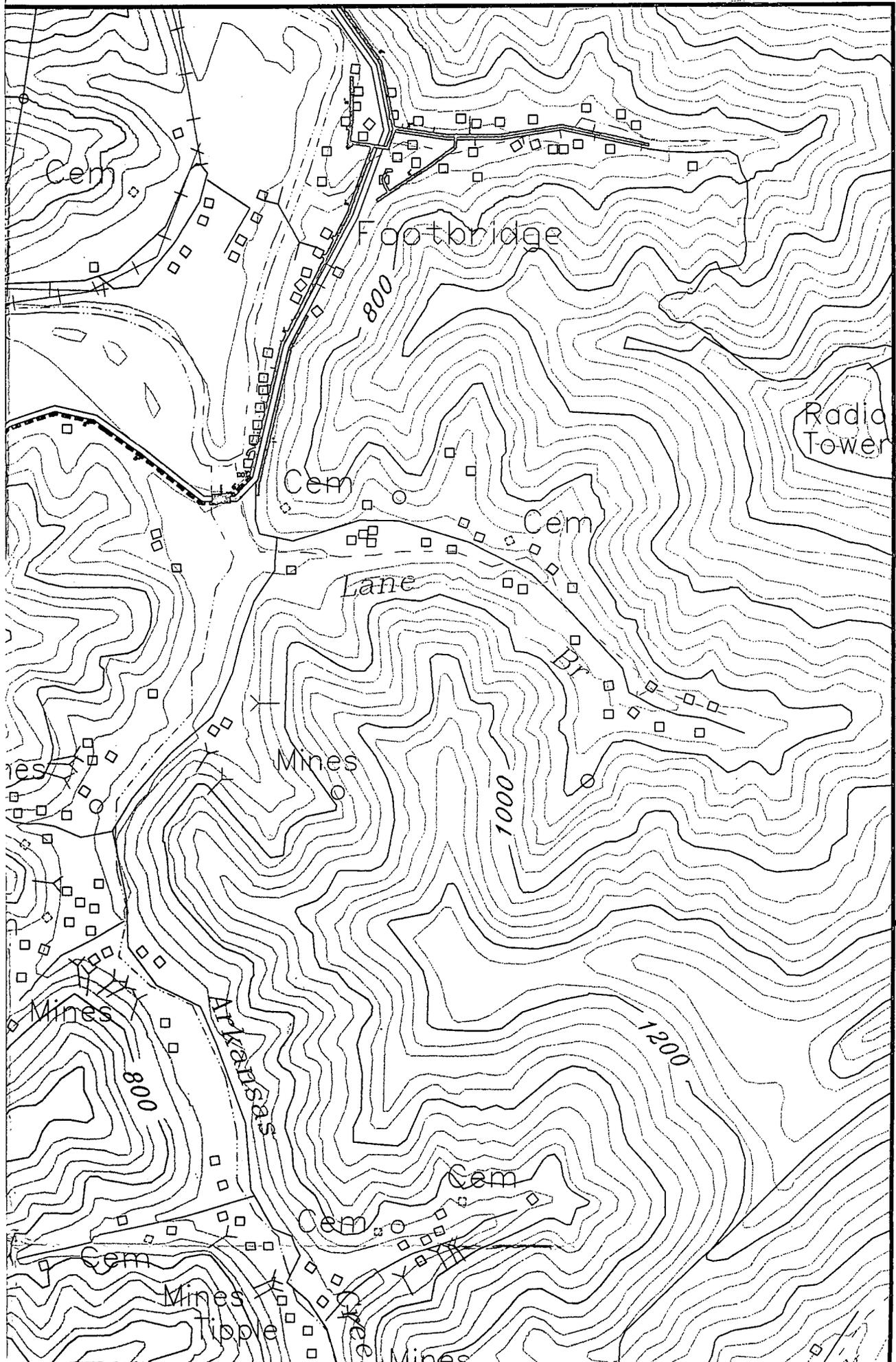
PROPOSED LINES - - - - -

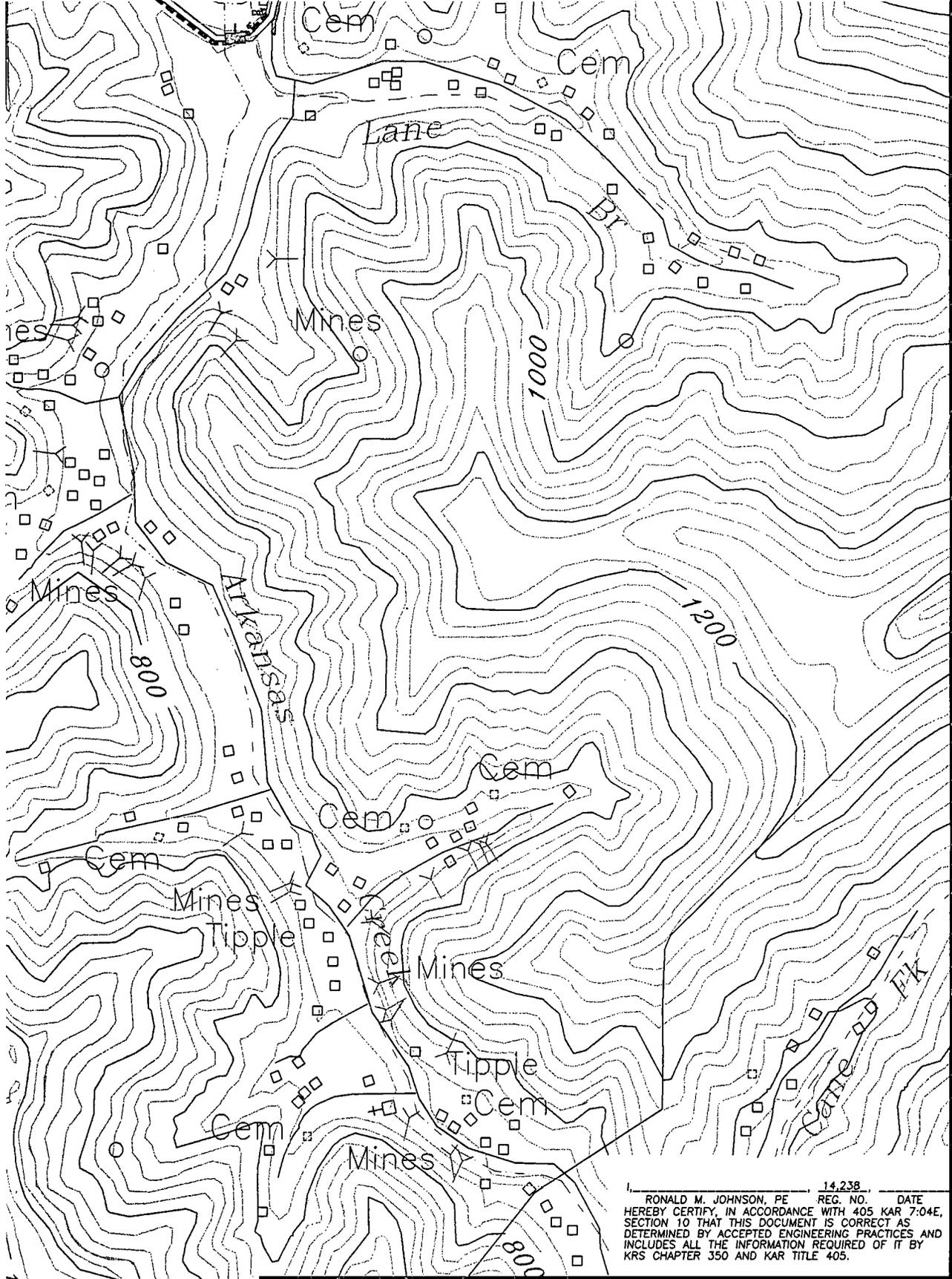
EXISTING LINES _____



LEGEND
PROPOSED LINES - - - - -
EXISTING LINES _____

0' 500' 1000' 1500'





RONALD M. JOHNSON, PE REG. NO. 14,238 DATE
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R.M. JOHNSON
ENGINEERING
 P.O. BOX 444
 HINDMAN, KY 41822

MARTIN GAS, INC.
 P.O. BOX 783, HINDMAN, KY 41822

**EXISTING AND PROPOSED
 DISTRIBUTION SYSTEM**

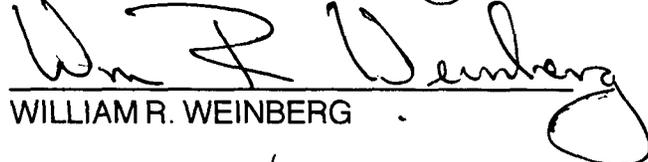
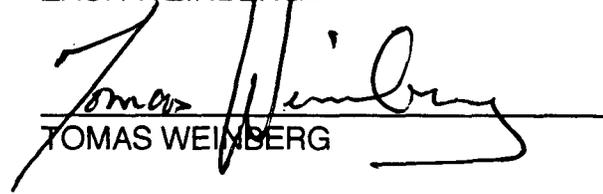
PERMIT NO.	??-???	DRAWN BY:	REVISED BY:	CHECKED BY:	DWG NO.
DATE:	11/11/98	TF.H.	TF.H./R.D.P.	RM.J.	010CGSH-1
SCALE: AS SHOWN		REVISED:	02/21/99	SHEET: Sheet 1	

RESOLUTION OF THE BOARD OF DIRECTORS
AND SHAREHOLDERS

The undersigned, constituting all of the Directors and Shareholders of Martin Gas, Inc., a Kentucky Corporation, do hereby adopt the following resolution:

RESOLVED, that the Corporation is hereby authorized to borrow from the Department of Local Government the sum of \$357,274.00 at 4 percent interest to be compounded annually for 15 years. The proceeds of the loan are to be used to extend existing lines, integrate Martin's system, and refinance Kentucky Gas System Restoration Project Loan 11. A mortgage and security agreement and promissory note will be executed between Martin Gas, Inc., and the Department for Local Government.

This the 25 day of November, 1998.


LOIS C. WEINBERG
WILLIAM R. WEINBERG
JED WEINBERG
ZACH WEINBERG
TOMAS WEINBERG